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A	ANGSTROM TECHNOLOGIES INC	10Q	01-31-92
B	AVONDALE INDUSTRIES INC	10Q	03-31-92
C	CIRCUIT SYSTEMS INC	10Q	01-31-92
D	COBB RESOURCES CORP	10Q	03-31-92
E	COTTER AND CO	10Q	03-27-92
F	CONJECTURE INC	10Q	03-28-92
G	CSP INC	10Q	05-31-92
H	EDGEMARK VOTING TRUST	10Q	03-31-92
I	ELECTRONIC PUBLISHING TECHNOLOGY CORP	10Q	03-31-92
J	HARVEST CAPITAL CORP	10Q	01-31-92
K	KEWAUNEE SCIENTIFIC CORP	10Q	01-31-92
L	LDB CORP	10Q	01-31-92
M	MEDICAL ADVISORY SYSTEMS INC	10Q	01-31-92
N	METRO AIRLINES INC	10Q	01-31-92
O	METROCORP INC	10Q	01-31-92
P	MIKROS SYSTEMS CORP	10Q	03-31-92
Q	PIEZO ELECTRIC PRODUCTS INC	10Q	01-31-92
R	REHABCARE CORP	10Q	05-31-92
S	REGAN HOLDING CORP	QA	09-30-91
T	RESERVE INDUSTRIES CORP	10Q	05-31-92
U	ROBBINS AND MYERS INC	QA	05-31-92
V	SARGENT INC	10Q	01-31-92
W	TERMINAL APPLICATIONS GROUP INC	10Q	01-31-92
X	VILLAGE BANCORP INC	10Q	03-31-92

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(X) Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarter ended January 31, 1992 or

( ) Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from __________ to __________

PROCESSED BY
9-9-X
MAR 24 1992

COMMISSION FILE NUMBER 0-12646

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ANGSTROM TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE (State or jurisdiction of incorporation or organization)	31-1065350 (I.R.S. Employer Identification No.)
1895 Airport Exchange Blvd., Suite 110 Erlanger, Kentucky (Address of principal executive offices)	41018 (Zip Code)

Registrant's telephone number, including area code: (606) 282-0020

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes__. No X.

The registrant had 18,262,478 shares of Common Stock (par value $0.01) outstanding as of March 13, 1992.

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ANGSTROM TECHNOLOGIES, INC.
BALANCE SHEETS

	January 31 1992 (Unaudited)	January 31 1991 (Unaudited)	October 31 1991 (1)
ASSETS			
Current assets:			
Cash	$ 29,418	$ 12,064	$ 16,445
Accounts receivable	86,665	35,004	33,568
Inventories:			
Finished goods	7,332	21,906	7,332
Raw materials and parts	47,076	50,894	18,700
	54,408	72,800	26,032
Prepaid expenses	1,432	1,782	3,749
Total current assets	171,923	121,650	79,794
Furniture and equipment, at cost	2,675	-	1,900
Less accumulated depreciation	324	-	190
	2,351	-	1,710
Other assets	1,237	37,450	1,556
Total assets	$ 175,511	$ 159,100	$ 83,060
LIABILITIES AND CAPITAL DEFICIENCY			
Current liabilities:			
Accounts payable	$ 24,466	$ 234,969	$ 30,810
Notes payable	-	484,405	-
Notes payable to shareholders	148,373	19,600	57,339
Accrued liabilities	37,666	21,941	38,480
Long-term debt due within one year	13,390	-	13,390
	223,895	760,915	140,019
Non current advance from supplier	-	38,594	-
Long-term debt	171,805	-	173,438
	171,805	38,594	173,438
Capital deficiency:			
Preferred stock, $10 par value; 2,000,000 shares authorized, none issued	-	-	-
Common stock, $.01 par value; 25,000,000 shares authorized, 18,262,478 shares issued and outstanding at January 31, 1992 and October 31, 1991; and 14,322,500 issued outstanding at January 31, 1991.	182,625	143,225	182,625
Additional paid-in capital	4,318,570	4,302,828	4,318,570
Accumulated deficit	(4,721,384)	(5,086,462)	(4,731,592)
Net capital deficiency	(220,189)	(640,409)	(230,397)
Total liabilities and capital deficiency	$ 175,511	$ 159,100	$ 83,060

(1) The balance sheet at October 31, 1991 has been excerpted from the audited financial statements.

ANGSTROM TECHNOLOGIES, INC.
STATEMENT OF OPERATIONS
(UNAUDITED)

	Three Months Ended January 31	
	1992	1991
Net sales	$ 118,816	$ 72,086
Cost of sales	46,005	31,745
Gross profit	72,811	40,341
Selling, general and administrative expenses	54,054	51,106
Interest expense	8,549	13,644
Net income (loss)	$ 10,208	$ (24,409)
Net income (loss) per share	$ 0.0006	$ (0.002)
Shares outstanding	18,262,478	14,322,500

ANGSTROM TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended January 31	
	1992	1991
Operating activities		
Net income (loss)	$ 10,208	$ (24,409)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	134	-
Changes in operating assets and liabilities:		
Accounts receivable	(53,097)	(1,076)
Inventory	(28,376)	(67)
Prepaid expenses	2,317	661
Accounts payable	(6,344)	5,484
Accrued liabilities	(814)	4,533
Notes payable	-	13,644
Net cash used by operating activities	(75,972)	(1,230)
Investing activities		
Purchase of furniture and equipment	(775)	-
Decrease in other assets	319	3,264
Net cash provided (used) by investing activities	(456)	3,264
Financing activities		
Payment on line of credit	-	(10,000)
Proceeds from notes payable shareholders	91,034	15,148
Principal payments long-term debt	(1,633)	-
Net cash provided by financing activities	89,401	5,148
Net increase in cash	12,973	7,182
Cash beginning of period	16,445	4,902
Cash end of period	$ 29,418	$ 12,084

ANGSTROM TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

The Balance Sheets as of January 31, 1992 and January 31, 1991 and the Statements of Operations and Cash Flows for the three month periods ended January 31, 1992 and 1991, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commissions. In the opinion of management, all adjustments necessary to present fairly the financial position at January 31, 1992, and the results of operations and cash flows for the periods presented have been made. All such adjustments are of a normal recurring nature. The results of operations for the period ended January 31, 1992 are not necessarily indicative of the operating results for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 1991 annual report on Form 10-K.

The company has suffered cumulative losses since its inception in 1983 and has been unable to generate sufficient cash flows for operating purposes and to service its debt. In March 1987, a judgment was entered against the Company in favor of a creditor in the amount or $297,940, plus interest. Collection of this judgment was not pursued until late 1989 and early 1990, when the creditor began to seize and attached various properties of the Company. As a result of the attachments by the creditor, on June 29, 1990, the Company filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Kentucky.

While operating as a debtor-in-possession under the supervision of the Court, the Company was able to negotiate revised repayment terms for the judgment. As a result, the Company requested of the Court and was granted, an Order dismissing the Bankruptcy Proceedings effective July 12, 1991.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FISCAL 1992 FIRST QUARTER COMPARED TO FISCAL 1991

Net sales for the first quarter of fiscal 1992 was approximately $119,000, a 65% increase from the approximately $72,000 in the same quarter of fiscal 1991. The sales gain was attributable to an increase in scanner sales to the pharmaceutical industry and and increased chemical sales to an existing customer, in the adhesive industry. In addition, it is management's opinion that its customers are showing renewed confidence in the company upon dismissal from bankruptcy.

Cost of sales as a percent of net sales decreased for the fiscal 1992 first quarter to 38.7% from 44.0% for the same period of fiscal 1991. The main reason for this decrease is the change in the product mix sold.

Selling, general and administrative expenses increased in the first quarter of fiscal 1992 by approximately $3,000 or 5% to $54,054 compared to $51,106 for the same quarter of fiscal 1991 due to increase travel expenses for out-of-state sales demonstrations.

Interest expense decreased in the first quarter of fiscal 1992 to approximately $8,500 from $13,600 in the same quarter of fiscal 1991 as a result of debt restructuring while the Company was under Chapter 11 protection.

Liquidity and Capital Resources

The Company's primary need for cash is to support its programs and its ongoing operating activities. The Company's primary sources of liquidity are cash provided by operating and financing activities. The Company has never generated sufficient cash flows from its operations and has depended upon financing from outside sources to maintain itself. At present the Company has insufficient credit arrangements to maintain its operations if sufficient sales levels are not sustained. However, the Company did enjoy a substantial increase in sales during the first quarter of 1992.

During the first quarter of fiscal 1992, the Company had a net increase in cash, accounts receivable and inventory of approximately $13,000, $53,000 and $28,500 respectively.

PART II

OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

No exhibits filed with this Quarterly Report on Form 10-Q.

(b) Reports on Form 8-K

Form 8-k filed January 6, 1992 - The Company's announcement of a development contract with the United States Postal Service.

SIGNATURES

Pursuant to the requirements of the Security Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ANGNSTOM TECHNOLOGIES, INC.
(Registrant)

DATE: March 16, 1992

By: ______________________
William G. McGinness
Director and President

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FORM 10Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

(Mark One)

[X] Quarterly Report Pursuant to Section 12 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ______________________ to ______________

PROCESSED BY
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For Quarter Ended March 31, 1992

Commission File Number 0-16572

AVONDALE INDUSTRIES, INC.

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Q-Data Corp. - St. Petersburg, FL

Louisiana	39-1097012
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P. O. Box 50280, New Orleans, Louisiana	70150
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 504/436-2121

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to file such filing requirements for the past 90 days. YES __X__ NO ______.

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at March 31, 1992
Common stock, par value $1.00 per share	14,464,175 shares

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AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES

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Deloitte &
Touche

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New Orleans, Louisiana 70139 3700

Telephone (504) 581-2727
Facsimile (504) 561-7293

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
Avondale Industries, Inc.:

We have made a review of the condensed consolidated financial statements of Avondale Industries, Inc. and subsidiaries, as listed in the accompanying index, as of March 31, 1992 and for the three-month periods ended March 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Avondale Industries, Inc. and subsidiaries as of December 31, 1991, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated April 17, 1992, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1991 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Deloitte + Touche

DELOITTE & TOUCHE

May 14, 1992

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	MARCH 31, 1992 (UNAUDITED)	DECEMBER 31, 1991
ASSETS (NOTES 3 AND 4)		
CURRENT ASSETS:		
CASH AND EQUIVALENTS	$11,257	$7,609
RECEIVABLES (NOTE 2):		
ACCOUNTS RECEIVABLE	30,471	27,949
CONTRACTS IN PROGRESS	153,629	143,730
INVENTORIES:		
GOODS HELD FOR RESALE	3,403	4,037
MATERIALS AND SUPPLIES	12,352	13,309
PREPAID EXPENSES	2,628	3,181
TOTAL CURRENT ASSETS	213,740	199,815
PROPERTY, PLANT AND EQUIPMENT:		
LAND	12,595	12,595
BUILDINGS AND IMPROVEMENTS	48,609	48,872
MACHINERY AND EQUIPMENT	179,221	178,541
TOTAL	240,425	240,008
LESS ACCUMULATED DEPRECIATION	(89,227)	(86,467)
PROPERTY, PLANT AND EQUIPMENT - NET	151,198	153,541
GOODWILL - NET	19,732	19,932
OTHER ASSETS	7,654	10,382
TOTAL	$392,324	$383,670

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	MARCH 31, 1992	DECEMBER 31, 1991
	(UNAUDITED)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
NOTES PAYABLE - BANKS (NOTE 3)	$9,627	$9,633
CURRENT PORTION OF LONG-TERM DEBT (NOTE 4)	1,776	2,238
ACCOUNTS PAYABLE	89,392	89,029
ACCRUED EMPLOYEE COMPENSATION	16,178	15,168
OTHER	14,055	11,454
TOTAL CURRENT LIABILITIES	131,028	127,522
NOTES PAYABLE - BANKS (NOTE 3)	64,048	56,894
LONG-TERM DEBT (NOTE 4)	52,570	53,115
OTHER LIABILITIES AND DEFERRED CREDITS	18,957	19,997
TOTAL LIABLILITIES	266,603	257,528
COMMITMENTS AND CONTINGENCIES (NOTE 5)		
STOCKHOLDERS' EQUITY:		
COMMON STOCK, $1.00 PAR VALUE; AUTHORIZED - 30,000,000 SHARES; ISSUED - 15,927,191 SHARES IN 1992 AND 15,906,235 SHARES IN 1991	15,927	15,906
ADDITIONAL PAID-IN CAPITAL	373,911	373,849
ACCUMULATED DEFICIT	(252,261)	(243,616)
TOTAL	137,577	146,139
NOTE RECEIVABLE FROM ESOP	--	(8,141)
TREASURY STOCK (COMMON: 1,463,016 SHARES IN 1992 AND 1991) AT COST	(11,856)	(11,856)
TOTAL STOCKHOLDERS' EQUITY	125,721	126,142
TOTAL	$392,324	$383,670

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 1992 AND 1991
(In thousands, except per share data)
(UNAUDITED)

	1992	1991
NET SALES	$175,566	$205,391
COST OF SALES	165,630	193,373
GROSS PROFIT	9,936	12,018
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	7,976	8,253
INCOME FROM OPERATIONS	1,960	3,765
INTEREST EXPENSE	(2,504)	(2,478)
OTHER - NET (PRINCIPALLY INTEREST INCOME)	40	146
INCOME (LOSS) BEFORE ESOP CONTRIBUTION AND INCOME TAXES	(504)	1,433
ESOP CONTRIBUTION:		
CONTRIBUTION TO ESOP	8,288	6,660
INTEREST INCOME FROM ESOP	(147)	(660)
NET ESOP CONTRIBUTION	8,141	6,000
LOSS BEFORE INCOME TAXES	(8,645)	(4,567)
INCOME TAX BENEFIT		(1,300)
NET LOSS	($8,645)	($3,267)
LOSS PER SHARE OF COMMON STOCK (NOTE 6)	($0.60)	($0.23)
CASH DIVIDEND PER SHARE OF COMMON STOCK (NOTE 7)	--	--

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(In thousands)

(UNAUDITED)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET LOSS	($8,645)	($3,267)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH (USED FOR) OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	2,960	3,134
DECREASE IN DEFERRED INCOME TAXES	--	(1,300)
CHANGE IN ASSETS AND LIABILITIES NET OF EFFECTS OF BUSINESSES ACQUIRED:		
RECEIVABLES	(12,421)	(30,757)
INVENTORIES	1,591	(889)
PREPAID EXPENSES	553	1,883
ACCOUNTS PAYABLE	363	1,963
ACCRUED EMPLOYEE COMPENSATION	1,010	(380)
OTHER - NET	3,247	3,849
NET CASH (USED FOR) OPERATIONS	(11,342)	(25,764)
CASH FLOWS FROM INVESTING ACTIVITIES:		
CAPITAL EXPENDITURES	(417)	(2,096)
REPAYMENT OF NOTE RECEIVABLE	1,125	1,125
PAYMENTS FOR BUSINESSES ACQUIRED	--	(2,498)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	708	(3,469)
CASH FLOWS FROM FINANCING ACTIVITIES:		
NET BORROWINGS FROM REVOLVING CREDIT AGREEMENTS	7,148	23,195
PAYMENT OF LONG-TERM DEBT	(1,007)	(6,452)
REPAYMENT OF ESOP NOTE RECEIVABLE	8,141	6,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	14,282	22,743
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,648	(6,490)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,609	9,974
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$11,257	$3,484
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH PAID DURING THE PERIOD FOR INTEREST	$2,119	$1,301
NONCASH INVESTING AND FINANCING ACTIVITIES:		
IN CONNECTION WITH BUSINESS ACQUISITIONS, LIABILITIES WERE ASSUMED AS FOLLOWS:		
FAIR VALUE OF ASSETS ACQUIRED		$1,495
EXCESS OF PURCHASE PRICE OVER FAIR VALUE OF ASSETS		1,698
TOTAL		3,193
CASH PAID FOR NET ASSETS		(2,498)
LIABILITIES ASSUMED		$695

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 1992
(In Thousands)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	NOTE RECEIVABLE FROM ESOP	TREASURY STOCK	TOTAL STOCKHOLDERS' EQUITY
BALANCE, DECEMBER 31, 1991	$15,906	$373,849	($243,616)	($8,141)	($11,856)	$126,142
NET (LOSS)			(8,645)			(8,645)
REPAYMENT OF NOTE RECEIVABLE FROM ESOP				8,141		8,141
OTHER	21	62				83
BALANCE, MARCH 31, 1992 (Unaudited)	$15,927	$373,911	($252,261)	--	($11,856)	$125,721

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

AVONDALE INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include the accounts of the Company and its subsidiaries. In the opinion of the management of the Company, all adjustments (such adjustments consisting only of a normal recurring nature) necessary for a fair presentation of the operating results for the interim periods presented have been included in the interim financial statements. These interim financial statements should be read in conjunction with the December 31, 1991 audited financial statements and related notes filed on Form 10-K at December 31, 1991.

The financial statements required by Rule 10-01 of Regulation S-X have been reviewed by independent public accountants as stated in their report included herein.

2. RECEIVABLES

The following information presents the elements of receivables at March 31, 1992 and December 31, 1991 (in thousands):

	1992 (Unaudited)	1991
Long-term contracts:		
U.S. Government:		
Amounts billed....................	$ 9,153	$ 4,772
Unbilled costs and estimated profits on contracts in progress.....................	135,218	124,387
Total	144,371	129,159
Commercial:		
Amounts billed....................	16,072	18,063
Unbilled costs and estimated profits on contracts in progress.....................	18,410	19,343
Total from long-term contracts......	178,853	166,565
Trade and other current receivables......	5,247	5,114
Total...................................	$184,100	$171,679

Unbilled costs and estimated profits on contracts in progress were not billable to customers at the balance sheet dates under terms of the respective contracts. Portions of claims and other amounts subject to future negotiations of approximately $91 million are included in billed and unbilled receivables at March 31, 1992 and December 31, 1991 (see Note 3 of the Company's 1991 Annual Report on Form 10-K for the year ended December 31, 1991).

3. NOTES PAYABLE TO BANKS

The operating loss incurred during 1991 caused the Company to be in non-compliance with substantially all of the financial covenants relating to both of its Revolving Credit Agreements at December 31, 1991 and March 31, 1992. Effective April 16, 1992, the Company restructured its indebtedness and amended both Credit Agreements. Both Credit Agreements expire on November 30, 1993.

The terms of the amended revolving credit agreement with various financial institutions establish an available line of credit of $71 million (compared to $70 million at December 31, 1991), of which $16.5 million may be used for letters of credit. This credit agreement requires reductions in the available commitment of $3 million on July 31, 1992 and $5 million each on December 31, 1992, April 30, 1993 and June 30, 1993. The terms of the amended revolving bank credit agreement establish an available line of credit of $14 million (compared to $20 million at December 31, 1991). This credit agreement requires reductions in the available commitment of $602,000 on July 31, 1992 and $1,004,000 each on December 31, 1992, April 30, 1993 and June 30, 1993. In addition, the restructured credit facilities provide that, to the extent that the Company receives net unrestricted recoveries from the U.S. Navy with respect to any of its Requests for Equitable Adjustments (REAs) (see Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations) the amounts recovered will be used permanently to reduce the amounts committed under the credit facilities. Finally, the restructured agreements provide that to the extent the Company realizes proceeds from certain other transactions or any excess cash flow (as defined), it will also be used to permanently reduce the amounts committed under the credit facilities. At March 31, 1992, the Company was fully drawn on both its revolving credit agreement and revolving bank agreement.

As amended the $71 million credit agreement provides for interest at a fluctuating annual rate equal to prime, as defined, plus 1.5%. The interest rate prior to the amendment was 7% at March 31, 1992 and December 31, 1991. A commitment fee of .5% per annum is payable on the unused credit line. As amended, the $14 million credit agreement provides for interest at the greater of the Bank's prime rate plus 1% or the interest rate provided by the amended $71 million credit agreement.

The amended credit agreements, which were previously unsecured, are now secured by substantially all of the Company's previously unencumbered assets and, among other things, (1) require the Company to meet certain financial covenants (relating to net worth, working capital, debt coverage and the net increase (decrease) in cash and cash equivalents), (2) limit the level of annual capital expenditures, (3) generally prohibit the payment of dividends, (4) require compliance with all terms and conditions of the Memorandum of Agreement with the U.S. Navy (See Note 2 of the Company's 1991 Annual Report on Form 10-K for the year ended December 31, 1991), and (5) require the Company to comply with all terms and conditions of all other debt agreements.

4. LONG-TERM DEBT

At December 31, 1991 and March 31, 1992 the Company was in non-compliance with certain financial covenants required by the terms of financing of senior notes issued by a wholly-owned subsidiary and guaranteed by the Company. Effective April 16, 1992 the holders of the senior notes waived the non-compliance and amended the related note agreements. The amended agreements require repayments of $1,250,000 on December 31, 1993, $2,000,000 each on May 1, 1994 and 1995, and $2,250,000 on May 1, 1996. The senior notes will continue to bear interest at the originally established rate of 10.79% except for the annual period ending April 30, 1993 when the rate will be 11.29%. The amended agreements require the Company to comply with certain financial covenants related to working capital, tangible net worth and funded debt. The amended agreements also contain restrictions and limitations similar to the amended Revolving Credit Agreements discussed in Note 3 above.

5. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

In January 1986, the Louisiana Department of Environmental Quality advised the Company that it may be a responsible party with respect to an oil reclamation site operated by an unaffiliated company. The Company supplied a portion of the waste oil that was processed at the reclamation site during the period 1978 through 1982. Liability, if any, for clean-up of this site typically would be apportioned among the responsible parties based on the volume of material sent by each to the waste site. The cost of a site clean-up or the portion of such cost, if any, for which the Company would be responsible has not been determined. The Company has initiated litigation against its insurer for a declaration of coverage of the liability, if any, that may result from this matter. Since July 1986, 14 "toxic tort" suits have been filed seeking substantial damages against the Company and numerous other defendants alleging various claims in connection with the oil reclamation site discussed in this paragraph.

In addition to the above, the Company is also named as a defendant in numerous other lawsuits and proceedings arising in the ordinary course of business, some of which involve substantial damage claims. While the outcome of these other lawsuits and proceedings against the Company cannot be predicted with certainty, management does not expect these matters to have a material adverse effect on the financial condition of the Company.

The Company has established accruals for certain of the litigation discussed above, and in the opinion of management, after review with counsel, the eventual disposition of these matters will not have a material adverse effect on its financial condition.

Ogden

Under the terms of certain agreements between Ogden and the Company, the Company may be required to issue preferred stock to Ogden upon the occurrence of specified events, such as judgments or settlements in certain significant litigation or tax matters against the Company or Ogden. The Company may be required to issue approximately $50 million of preferred stock related to these agreements. The Company is not required to issue preferred stock to Ogden if it satisfies any such obligation without seeking reimbursement from Ogden or reimburses Ogden for any payment made by it. Additionally, should Ogden pay any amounts on behalf of the Company in its capacity as guarantor of the Company's industrial revenue bonds (see Note 6 of the Company's 1991 Annual Report on Form 10-K for the year ended December 31, 1991), the Company may be required to issue additional shares of preferred stock to Ogden equal to the amount of such payments. One of the agreements discussed above, the Preferred Stock Purchase Agreement, expires on September 30, 1993.

Letters of Credit

In the normal course of its business activities, the Company is required to provide letters of credit to secure the payment of workers' compensation obligations. Additionally, under certain contracts the Company may be required to provide letters of credit which may be drawn down in the event of the Company's failure to perform under the contracts. Outstanding letters of credit relating to these business activities amounted to $11.5 million at March 31, 1992 and $21.5 million at December 31, 1991.

6. LOSS PER SHARE

The weighted average number of shares used in the computation of loss per share was 14,457,000 and 14,420,000 for the quarters ended March 31, 1992 and 1991, respectively. There are no factors that result in dilution in the periods presented.

7. STOCKHOLDERS' EQUITY

In February 1991, the Company announced a suspension of its quarterly cash dividend.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Company's unaudited consolidated financial statements for the periods ended March 31, 1992 and 1991 and the Management's Discussion and Analysis of Financial Condition and Results of Operations included under Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

Results of Operations

Net sales of $175.6 million were recorded for the quarter ended March 31, 1992, a decrease of approximately $29.8 million, or 14.5%, from the $205.4 million in net sales recorded for the first quarter of 1991. The decline in net sales reflects the winding up in 1991 and the early part of the first quarter of 1992 of the contracts to construct two T-AOs (which had been transferred from another shipyard), five Landing Ship Docks (LSDs), and a floating detention facility constructed for the City of New York. In the aggregate, net sales recorded for these three contracts during the first quarter of 1992 was $30.3 million less than net sales recorded for these same contracts in 1991.

In addition, net sales recorded with respect to the contract to construct five Jumbo AOs declined by $9.8 million, reflecting the delivery of three of the vessels in April, September and December of 1991; net sales recorded on the contract to construct seven T-AO Oilers declined by $13.1 million, principally reflecting a higher level of material acquisition costs (which are included in net sales) during the first quarter of 1991; and net sales on the contracts to construct thirteen LCACs declined by $4.3 million, reflecting the completion and delivery of vessels in 1991 which were not replaced by subsequent contract awards. Net sales on miscellaneous other contracts declined by $3.7 million.

Partially offsetting net sales declines on the foregoing contracts were increases of net sales of $11.9 million on the LSD-CV contract, $7.4 million on the T-AGS contract and $12.1 million on the MHC contracts, in each case reflecting increased levels of activity on these contracts during the first quarter of 1992 as compared to the first quarter of 1991.

Gross profit for the first quarter of 1992 declined by approximately $2.1 million, or 17.5%, to $9.9 million from $12.0 million recorded for the first quarter of 1991. As reported in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, the Company incurred substantial charges in 1991 related to cost overruns it expects on its contracts to construct the three LSD-CVs and the seven T-AOs. Pending any relief from the U.S. Navy on certain Requests for Equitable Adjustment (REAs) that the Company has filed and intends to file with respect to such contracts, the Company is not expected to earn a profit on either of these contracts, which are two of the most significant contracts of the Company. Thus, any gross profits earned by the Company for the foreseeable future will be limited to other shipbuilding contracts and operations of the Company and should continue to be at minimal levels unless and until a satisfactory resolution can be achieved with respect to the REAs or the Company successfully secures additional profitable backlog.

Interest expense for the first quarter of 1992 increased by only $26,000 over interest expense for the comparable 1991 quarter, while interest income declined by $106,000. The decline in interest income reflects an overall reduction in the level of investments as the Company used its available liquid assets to fund its liquidity needs during the first quarter of 1992. Interest expense is expected to increase during 1992 over 1991 levels as a result of the debt restructuring described below.

The Company's net ESOP contribution for the first quarter of 1992 was $8.1 million, an increase of $2.1 million over the contribution made during the first quarter of 1991. With the 1992 contribution the Company's ESOP retired the remaining balance of the ESOP Note to the Company, and, accordingly, the Company's net ESOP contribution is expected to cease for the foreseeable future. Although the Company does not expect to make any net ESOP contributions for the foreseeable future, the Company does expect to accrue expense in 1992 and in future years related to the maintenance of the Company's pension plans. The pension plan expense and related cash obligations did not exist prior to 1991.

Liquidity and Capital Resources

As reported in the Company's Annual Report on Form 10-K, the Company successfully restructured its two revolving credit facilities in the aggregate amount of $85 million and its senior notes in the aggregate principal amount of $7.5 million. As part of the debt restructuring, the Company has secured the revolving credit facilities and the senior notes with substantially all of its previously unencumbered assets. In addition, Avondale was able to obtain interim relief from the U.S. Navy in the form of the release of previously earned retentions and the reduction in the level of other retentions. Additional information on the terms and conditions of the debt restructuring and the U.S. Navy assistance is set forth in the 1991 10-K and Notes 3 and 4 herein of the Notes to the Consolidated Financial Statements. In management's opinion, these measures should permit the Company to meet its operational and other cash obligations through at least the first quarter of 1993.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

As discussed in Note 3 herein of the Notes to the Consolidated Financial Statements, at December 31, 1991 the Company was in non-compliance with certain financial covenants required by the terms of the financing of senior notes issued by a wholly-owned subsidiary and guaranteed by the Company. Effective April 16, 1992 the holders of the senior notes waived the non-compliance and amended the related note agreements.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Letter re: unaudited interim financial information.

(b) Reports on Form 8-K:

Not applicable.

Deloitte &
Touche

Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone (504) 581-2727
Facsimile (504) 561-7293

May 14, 1992

Avondale Industries, Inc.
Post Office Box 50280
New Orleans, Louisiana 70150

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Avondale Industries, Inc. and subsidiaries for the periods ended March 31, 1992 and 1991, as indicated in our report dated May 14, 1992; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 1992, is incorporated by reference in Registration Statement No. 33-31984 on Forms S-8 and S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Deloitte + Touche

DELOITTE & TOUCHE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVONDALE INDUSTRIES, INC.

Date: May 14, 1992

By: Thomas M. Kitchen
Thomas M. Kitchen
Vice President &
Chief Financial Officer

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Q35434

92071388

BEST COPY AVAILABLE

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

C92-2247

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended January 31, 1992

OR

PROCESSED BY

MAR 20 1992

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from ________ to ________.

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Commission file number 0-15047

CIRCUIT SYSTEMS, INC.
(Exact name of registrant as specified in charter)

Illinois	36-2663010
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2350 E. Lunt Ave., Elk Grove Village, Illinois	60007
(Address of principal executive offices)	(Zip Code)

(708) 439-1999
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (D) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____.

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDING DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15 (D) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
Yes ____ No ____.

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: February 29, 1992 5,163,323.

CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES

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CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

ASSETS	4/30/91	1/31/92
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	$ 351,463	$ 38,069
ACCOUNTS RECEIVABLE, LESS ALLOWANCE OF $130,000 AND $300,000	5,720,714	8,833,795
INVENTORIES		
RAW MATERIAL	1,321,987	1,168,117
WORK IN PROCESS	902,006	1,225,615
FINISHED GOODS	74,501	---
	2,298,494	2,393,732
DEFERRED INCOME TAXES	125,000	54,000
PREPAID EXPENSES	90,826	98,157
TOTAL CURRENT ASSETS	8,586,497	11,417,753
INVESTMENT IN AFFILIATES (NOTE 4)	570,887	815,137
PROPERTY PLANT AND EQUIPMENT - AT COST		
BUILDING AND IMPROVEMENTS	3,347,488	3,720,600
MACHINERY AND EQUIPMENT	10,617,424	11,844,658
AUTOMOTIVE EQUIPMENT	76,162	85,762
	14,041,074	15,651,020
LESS ACCUMULATED DEPRECIATION	4,605,826	5,873,326
	9,435,248	9,777,694
LAND	1,339,703	1,434,703
	10,774,951	11,212,397
OTHER ASSETS		
NOTE RECEIVABLE SHAREHOLDER/OFFICER	500,000	500,000
DEPOSITS AND SUNDRY	177,651	143,290
GOODWILL (NET)	28,004	---
	705,655	643,290
	$ 20,637,990	$ 24,088,577

LIABILITIES AND SHAREHOLDERS

CURRENT LIABILITIES		
L/T OBLIGATION CLASSIFIED AS CUR (NOTE 6)	$ ---	$ 4,338,037
CURRENT MATURITIES OF L/T OBLIGATIONS	1,945,367	1,742,993
ACCOUNTS PAYABLE	3,209,516	4,121,098
ACCRUED LIABILITIES	939,006	1,661,045
INCOME TAXES PAYABLE	94,320	315,320
TOTAL CURRENT LIABILITIES	6,188,209	12,178,493
LONG-TERM OBLIGATIONS	9,609,864	5,823,784
DEFERRED INCOME TAXES	45,000	45,000
SHAREHOLDERS' EQUITY		
COMMON STOCK	2,115,024	2,141,274
RETAINED EARNINGS	3,044,893	4,197,526
	5,159,917	6,338,800
GUARANTEE OF ESOP DEBT	(365,000)	(297,500)
	4,794,917	6,041,300
	$ 20,637,990	$ 24,088,577

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(UNAUDITED)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	01/31/91 (As restated, See Note 4)	01/31/92	01/31/91 (As restated, See Note 4)	01/31/92
NET SALES...............................	$ 8,541,467	$13,504,800	$26,418,027	$34,890,212
COST OF GOODS SOLD......................	7,287,203	10,801,341	22,421,195	29,039,455
GROSS PROFIT.......................	1,254,264	2,703,459	3,996,832	5,850,757
SALES AND MARKETING EXPENSES............	533,738	828,532	1,775,274	2,152,307
ADMINISTRATIVE EXPENSES.................	310,417	676,222	1,000,161	1,455,692
	844,155	1,504,754	2,775,435	3,607,999
OPERATING INCOME...................	410,109	1,198,705	1,221,397	2,242,758
OTHER (INCOME) DEDUCTIONS				
INTEREST EXPENSE....................	272,654	269,935	822,711	841,378
GAIN ON SALE & DISPOSITION OF EQUIP	(30,000)	(2,500)	(32,612)	(19,000)
EQUITY IN LOSS (EARNINGS) OF UNCONSOLIDATED AFFILIATE........	55,034	41,459	(27,661)	(87,421)
RENTAL INCOME.......................	(69,000)	(69,000)	(207,000)	(207,000)
SUNDRY..............................	(10,834)	(18,046)	(54,598)	(61,832)
	217,854	221,848	500,840	466,125
EARNINGS BEFORE INCOME TAXES.......	192,255	976,857	720,557	1,776,633
INCOME TAXES............................	72,000	356,000	203,000	624,000
NET EARNINGS.......................	$ 120,255	$ 620,857	$ 517,557	$ 1,152,633
EARNINGS PER SHARE.................	$ .02	$ .12	$ .10	$ .22
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING................	5,143,323	5,163,323	5,143,323	5,163,323

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	NINE MONTHS ENDED	
	01/31/91 (as restated, See Note 4)	01/31/92
CASH FLOWS FROM OPERATING ACTIVITIES		
NET EARNINGS	$ 517,557	$ 1,152,633
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
DEPRECIATION AND AMORTIZATION	1,238,550	1,351,004
GAIN ON SALE/DISPOSITION OF PROP & EQUIP	(32,612)	(19,000)
DEFERRED INCOME TAXES	27,500	71,000
EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATE	(27,661)	(87,421)
CHANGES IN ASSETS AND LIABILITIES, (INCREASE) DECREASE		
ACCOUNTS RECEIVABLE	(605,845)	(3,113,081)
INVENTORY	(393,498)	(95,238)
PREPAID EXPENSES	19,401	(7,331)
OTHER ASSETS	52,870	34,361
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	1,395,997	1,880,871
TOTAL ADJUSTMENTS	1,674,702	15,165
NET CASH PROVIDED BY OPERATIONS	2,192,259	1,167,798
CASH FLOWS FROM INVESTING ACTIVITIES		
CAPITAL EXPENDITURES	(1,420,634)	(1,760,446)
PROCEEDS FROM SALE OF PROP. & EQUIP	40,010	19,000
CASH INVESTED IN UNCONSOLIDATED AFFILIATE	(300,000)	(156,829)
NOTE RECEIVABLE SHAREHOLDER/OFFICER	(600,000)	---
NET CASH USED IN INVESTING ACTIVITIES	(2,280,624)	(1,898,275)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET BORROWINGS UNDER LINES OF CREDIT	262,993	1,486,244
PAYMENTS ON LONG-TERM OBLIGATIONS	(1,227,698)	(1,519,161)
PROCEEDS FROM LONG-TERM OBLIGATIONS	800,000	450,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(164,705)	417,083
DECREASE IN CASH	(253,070)	(313,394)
CASH AT BEGINNING OF PERIOD	420,954	351,463
CASH AT END OF PERIOD	$ 167,884	$ 38,069
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID DURING THE PERIOD FOR		
INTEREST	$ 749,738	$ 867,971
INCOME TAXES	183,678	332,000

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. These interim Consolidated Condensed Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes included in the Company's April 30, 1991 Annual Report and Form 10-K.

2. In the opinion of the Company, the accompanying unaudited condensed consolidated financial information reflects all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the statements contained herein.

3. These consolidated statements are presented in accordance with the requirements of Form 10-Q and consequently may not include all disclosures normally required by generally accepted accounting principles normally made in the Company's Annual Report and Form 10-K.

4. On February 22, 1991, the Company, National Material L.P. ("NMLP"), an Elk Grove Village, Illinois-based metals fabrication and distribution business, and SigmaTron, Inc. ("SigmaTron") entered into a limited partnership agreement to form SigmaTron L.P. ("SLP"). At the same time, the Company exercised its right to convert its $350,000 Subordinated Debenture into voting common stock of SigmaTron at the rate of $1.00 of debt for one share of stock. All of SigmaTron's assets were conveyed to SLP and SLP assumed all of SigmaTron's liabilities. NMLP contributed $700,000 to SLP. On April 30, 1991, SigmaTron was liquidated, and its sole asset, the limited partnership units of SLP, were distributed in kind to SigmaTron's shareholders. The Company now holds 33,707% of the SLP limited partnership units, as well as a 50% shareholding interest in S.T. One, Inc., the general partner of SLP, which holds a 1% limited partnership in SLP. As of the date of this transaction, the Company adjusted its investment and equity in earnings for SigmaTron to reflect its change in ownership interest. In addition, the Company has restated its fiscal 1991 operations to reflect its share of operations at its then ownership percentage on the equity method rather than through consolidation.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

5. On November 12, 1991, a Complaint was filed in the United States District Court Western District of Michigan Southern Division against D. S. Patel, Magan H, Patel, Thomas W. Rieck ("Rieck") and Circuit Systems, Inc. (the "Company").

D. S. Patel is Chairman of the Board of Directors and President of the Company and the owner of 2,454,953 shares of the Company's common stock. Magan H. Patel is a member of the Board of Directors, Vice President and Assistant Secretary of the Company and the owner of 532,181 shares of the Company's common stock. Rieck is a member of the Board of Directors and Secretary of the Company and President of Rieck and Crotty, P.C., the Company's legal counsel. Rieck owns no shares of the Company in his own name.

The plaintiff alleges that D. S. Patel and Magan H. Patel sold 400,034 shares of common stock of the Company owned by them to her during the period between September 22, 1989, through May 21, 1990, for approximately $1,651,000, based upon untrue statements and the failure to state material facts relating to predictions of the Company's earnings. The plaintiff also alleged that Rieck and the Company knew of the untruthfulness of the statements and of the omission of material facts relating to the Company's earnings and thus were participants in the sale of shares. The plaintiff seeks damages in the amount of the purchase price of the shares, plus costs, reasonable attorney's fees, interest from the date of sale of the shares, and treble damages under RICO.

The management denies the allegations of the Complaint and has filed a motion to dismiss. The court is awaiting plaintiff's reply.

6. At January 31, 1992, the Company was in violation of certain covenants on its long-term line of credit facility dated February 1, 1991, related to accounts receivable from SLP and certain litigation proceedings. All such violations have been waived by the bank as of January 31, 1992. The loan has been classified as current and management is currently negotiating with the bank to amend the accounts receivable covenant.

CIRCUIT SYSTEMS, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

7. On December 31, 1991, the Company purchased the Antioch location for a purchase price of $500,000. The Company financed the purchase by a $450,000 mortgage on the property. The Company is the current tenant of the building.

8. On March 4, 1992, the Company acquired 19% of the common stock of American Pro Latex, Inc., a recently formed Illinois corporation ("Ampro") for $186,275 cash consideration and also agreed to extend a subordinated line of credit of up to $186,275 over as much as a 5 year period. Ampro is engaged in the business of manufacture, sales and distribution of latex examination and surgical gloves and related products from a leased facility in Monmouth, Illinois.

   Certain of the executive officers of the Company also acquired a common stock interest in Ampro. In connection with the acquisition, the Company entered into a Shareholder Agreement which will prevent its ownership interest from increasing beyond 19%.

CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

On February 22, 1991, the Company, National Material L.P. ("NMLP"), an Elk Grove Village, Illinois-based metals fabricating and distribution business, and SigmaTron, Inc. ("SigmaTron") entered into a limited partnership agreement to form SigmaTron L.P. ("SLP"). At the same time, the Company exercised its right to convert its $350,000 Subordinated Debenture into voting common stock of SigmaTron at the rate of $1.00 of debt for one share of stock. All of SigmaTron's assets were conveyed to SLP and SLP assumed all of SigmaTron's liabilities. NMLP contributed $700,000 to SLP. On April 30, 1991, SigmaTron was liquidated, and its sole asset, the limited partnership units of SLP, were distributed in kind to SigmaTron's shareholders. The Company now holds 38.707% of the SLP limited partnership units, as well as a 50% shareholding interest in S.T.One, Inc. ("ST One"), the general partner of SLP, which holds a 1% limited partnership in SLP. As of the date of this transaction, the Company adjusted its investment and equity in earnings for SigmaTron to reflect its change in ownership interest. In addition, the Company has restated its fiscal 1991 operations to reflect its share of operations at its then ownership percentage on the equity rather than through consolidation method.

The net sales for the third quarter ended January 31, 1992, were $13,505,000, increasing by 58.1% from $8,541,000 in the prior year. The increase is the result of an expanded customer base and increased volume from existing customers. This represents the Company's efforts to maintain a continuous growth during a period of sluggish demand for printed circuit boards. The gross profit for the third quarter ended January 31, 1992, was $2,703,000 or 20.0% of net sales, compared to $1,254,000 or 14.7% of net sales for the same quarter last year. The higher gross profit is attributed to the higher volume of shipments which has resulted in increased labor and overhead efficiencies. Material costs were also lower for the quarter.

The net sales for the nine months ended January 31, 1992, were $34,890,000, increasing by 32.1%, when compared to $26,418,000 for the same period last year. The gross profit for the nine months ended January 31, 1992, was $5,851,000 or 16.8% of net sales, compared to $3,997,000 or 15.1% of net sales for the same period last year. The gross profit has increased due to lower material costs and increased plant efficiencies.

MANAGEMENT'S DISCUSSION AND ANALYSES OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Selling, general and administrative expenses for the three and nine months ended January 31, 1992, were $1,505,000 or 11.1% of net sales and $3,608,000 or 10.3% of net sales, compared to $844,000 or 9.9% of net sales and $2,775,000 or 10.5%, respectively, for the same periods last year. The 1992 amounts are higher due to greater commission expense as a result of higher commission based revenues, the accrual of a $200,000 bonus for the president of the Company, an increase of approximately $170,000 in the provision for bad debts and a general increase in other expenses as a result of an overall growth in the business.

The other deductions-net for the three and nine months ended January 31, 1992, were $222,000 and $466,000, respectively, compared to $218,000 and $501,000, respectively, for the same periods last year. These amounts include the equity in the earnings of the unconsolidated affiliate, SLP, which, for the three and nine months ended January 31, 1992, was a loss of $41,000 and earnings of $87,000, respectively, as compared to a loss of $55,000 and earnings of $28,000, respectively, for the same periods last year. The remaining income/expense items are relatively unchanged when compared to the same periods last year.

The year to date 1992 effective income tax rate of 35.1% is higher than the 1991 rate of 28.2%, primarily due to the inclusion of the Company's equity in SLP's partnership earnings in the 1991 tax computation, a diminished effect of the utilization of the net operating loss carryforward and a decrease in deferred benefits. In 1990, the Company's equity in SigmaTron's earnings were net of taxes at the subsidiary level.

The net earnings and earnings per share for the three and nine months ended January 31, 1992, were $621,000 or $.12 and $1,153,000 or $.22, respectively, compared to $120,000 or $.02 and $518,000 or $.10, respectively, for the same periods last year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial requirements were substantially met through cash generated from operations.

CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSES OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

For the nine months ended January 31, 1992, the increase of accounts receivable of $3,113,000, capital expenditures of $1,760,000, payments on long-term obligations of $1,519,000, the additional investment in unconsolidated affiliates of $157,000 and the increase in inventories of $95,000, were funded by operating income, the increase in accounts payable and accrued liabilities of $1,881,000, an increase in the line of credit of $1,486,000 and a loan of $450,000 to purchase the Antioch building.

At January 31, 1992, the Company was in violation of certain covenants on its long-term line of credit facility dated February 1, 1991, related to accounts receivable from SLP and certain litigation proceedings. All such violations have been waived by the bank as of January 31, 1992. The loan has been classified as current and management is currently negotiating with the bank to amend the accounts receivable covenant.

The Company has purchase commitments as of January 31, 1992, of approximately $300,000 for future deliveries of machinery and equipment and building improvements. The Company intends to finance such purchases through collateralized borrowings and existing cash flow.

On August 29, 1991, SLP executed a Loan and Security Agreement ("Agreement") with Lake Shore National Bank (the "Bank") providing for a total credit facility of $3,500,000 consisting of a revolving line of credit and a machinery and equipment term loan, at 1.75% and 2.00%, respectively, in excess of the Bank's prime rate of interest. The Company has not guaranteed any loans for SLP. However, under the terms of the Agreement the Bank may require additional equity contributions of up to $500,000 in the aggregate from the two general partners.

For the nine months ended January 31, 1992, the Company contributed $157,000, its portion of required cash calls to SLP and ST One. These cash calls are unrelated to the additional equity contributions which could be required under the Agreement.

As of January 31, 1992, the Company had accounts receivable due from SLP of approximately $295,000 and a note receivable of $175,000, bearing interest at the rate of 10%. There is a possibility that this note could be increased in the future.

CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSES OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

On March 4, 1992, the Company acquired 19% of the common stock of American Pro Latex, Inc., a recently formed Illinois corporation ("Ampro") for $186,275 cash consideration and also agreed to extend a subordinated line of credit of up to $186,275 over as much as a 5 year period. Ampro is engaged in the business of manufacture, sales and distribution of latex examination and surgical gloves and related products from a leased facility in Monmouth, Illinois.

Certain of the executive officers of the Company also acquired a common stock interest in Ampro. In connection with the acquisition, the Company entered into a Shareholder Agreement which will prevent its ownership interest from increasing beyond 19%.

The Company's backlog at January 31, 1992, is approximately $10,685,000 compared to $5,572,000 at January 31, 1991. Although the backlog level is significantly higher, it is considered just adequate when compared to the current monthly rate of shipments.

CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES

PART 2 - OTHER INFORMATION

Item 1. Legal Proceeding

See Note 5 of Notes to Consolidated Condensed Financial Statements

Item 6. Exhibits and reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

On November 27, 1991, the Company filed a Current Report on Form 8-K to report the Legal Proceedings described in Note 5 of Notes to Consolidated Condensed Financial Statements.

CIRCUIT SYSTEMS, INC.
AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, registrant's principal financial officer, thereunto duly authorized.

Circuit Systems, Inc.
(registrant)

Dilip S. Vyas
(Principal Financial Officer)

March 12, 1992

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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92-2247

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

JR 6/10

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission File Number 0-4395

COBB RESOURCES CORPORATION
(Exact name of registrant as specified in its charter)

New Mexico
(State or other jurisdiction of incorporation or organization)

85-0206160
(I.R.S. Employer Identification No.)

313 Washington S.E., Albuquerque, New Mexico
(Address of principal executive offices)

87108
(Zip Code)

(505)265-2622
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES XXX NO ____

As of May 1, 1992 the Registrant had outstanding 8,534,257 shares of common stock, par value $.10 per share.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

COBB RESOURCES CORPORATION

Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Interest and other income	$ 3,000	6,000
Total revenues	3,000	6,000
Costs and expenses:		
Mining property costs	15,000	-
Depreciation, depletion and amortization	5,000	5,000
General and administrative	11,000	15,000
Interest expense	-	1,000
Total costs and expenses	31,000	21,000
Earnings (loss) from continuing operations	(28,000)	(15,000)
Discontinued operations:		
Loss from operations of discontinued oil and gas operations	(154,000)	(77,000)
Loss from disposition of discontinued oil and gas operations	(111,000)	-
Loss from discontinued operations	(265,000)	(77,000)
Net earnings (loss)	$ (293,000)	$ (92,000)
Net earnings (loss) per common share:		
From continuing operations	$ -	-
From discontinued operations	(.04)	(.01)
Net earnings (loss)	$ (.04)	(.01)
Weighted average number of common shares and common share equivalents outstanding	8,137,126	7,451,560

See Notes to Consolidated Financial Statements.

COBB RESOURCES CORPORATION

Consolidated Statements of Operations
(Unaudited)

	Nine Months Ended March 31,	
	1992	1991
Revenues:		
Mining royalty income, net	$ 61,000	80,000
Interest and other income	9,000	28,000
Total revenues	70,000	108,000
Costs and expenses:		
Mining property costs	25,000	18,000
Depreciation, depletion and amortization	15,000	14,000
General and administrative	37,000	42,000
Interest expense	-	4,000
Total costs and expenses	77,000	78,000
Earnings (loss) from continuing operations	(7,000)	30,000
Discontinued operations:		
Loss from operations of discontinued oil and gas operations	(404,000)	(209,000)
Loss from disposition of discontinued oil and gas operations	(111,000)	-
Loss from discontinued operations	(515,000)	(209,000)
Net earnings (loss)	$ (522,000)	(179,000)
Net earnings (loss) per common share:		
From continuing operations	$ -	-
From discontinued operations	(.06)	(.03)
Net earnings (loss)	$ (.06)	(.03)
Weighted average number of common shares and common share equivalents outstanding	8,137,126	6,715,449

See Notes to Consolidated Financial Statements.

COBB RESOURCES CORPORATION

Consolidated Balance Sheets
(Unaudited)

ASSETS	March 31, 1992	June 30, 1991
Current assets:		
Cash and cash equivalents	$ 17,000	205,000
Accounts receivable, net	6,000	560,000
Inventory, net	-	17,000
Prepaid expenses and other	10,000	28,000
Common stock of Golden Oil Company held for dividend distribution	2,267,000	-
Total current assets	2,300,000	810,000
Property and equipment, at cost:		
Oil and gas properties (using the successful efforts method of accounting)		
Producing properties	-	7,295,000
Non-producing properties	-	21,000
Total oil and gas properties	-	7,316,000
Pipeline, field and other equipment	-	826,000
Buildings and office equipment	541,000	540,000
Other mineral properties	-	24,000
	541,000	8,706,000
Less accumulated depreciation, depletion and amortization	(420,000)	(5,377,000)
Net property and equipment	121,000	3,329,000
Assets of discontinued gold mining operations	100,000	100,000
Assets of discontinued oil and gas operations, net	29,000	-
Investment in common stock of Golden Oil Company	252,000	-
	$ 2,802,000	4,239,000

See Notes to Consolidated Financial Statements.

(Continued)

COBB RESOURCES CORPORATION

Consolidated Balance Sheets (Continued)
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1992	June 30, 1991
Current liabilities:		
Accounts payable	$ 17,000	727,000
Accrued expenses	13,000	126,000
Dividend payable	2,267,000	-
Total current liabilities	2,297,000	853,000
Deferred compensation	-	167,000
Other liabilities	136,000	136,000
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value $.10; authorized 5,000,000 shares; none issued	-	-
Common stock, par value $.10; authorized 25,000,000 shares; issued and outstanding 8,534,257 shares at March 31, 1992 and 7,965,449 shares at June 30, 1991	853,000	797,000
Additional paid-in capital	6,156,000	8,404,000
Accumulated deficit	(6,640,000)	(6,118,000)
Total stockholders' equity	369,000	3,083,000
	$ 2,802,000	4,239,000

COBB RESOURCES CORPORATION

Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended March 31, 1992	Nine Months Ended March 31, 1991
Cash flows from operating activities:		
Net earnings (loss)	$ (522,000)	(179,000)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	311,000	304,000
Dry hole costs and abandonments	-	88,000
Retirement of other mineral properties	16,000	-
Loss from disposition of discontinued oil and gas properties	111,000	-
Changes in operating assets and liabilities, net of effects of Asset Purchase:		
(Increase) decrease in accounts receivable, net	10,000	(158,000)
(Increase) decrease in inventory, net	1,000	2,000
(Increase) decrease in prepaid expenses and other	-	7,000
Increase (decrease) in accounts payable	(135,000)	52,000
Increase (decrease) in accrued expenses	(2,000)	3,000
Net cash provided by (used in) operating activities	(210,000)	119,000
Cash flows from investing activities:		
Additions of property and equipment, net	(1,000)	(331,000)
Net cash provided by (used in) investing activities	$ (1,000)	(331,000)

See Notes to Consolidated Financial Statements.

(Continued)

COBB RESOURCES CORPORATION

Consolidated Statements of Cash Flows (Continued)
(Unaudited)

	Nine Months Ended December 31,	
	1992	1991
Cash flows from financing activities:		
Payment of long-term debt	$ -	(547,000)
Additions to deferred compensation	23,000	25,000
Net cash provided by (used in) financing activities	23,000	(522,000)
Net increase (decrease) in cash and cash equivalents	(188,000)	(734,000)
Cash and cash equivalents at beginning of period	205,000	832,000
Cash and cash equivalents at end of period	$ 17,000	98,000

Supplemental Schedule of Disclosure of Cash Flow Information:

On February 6, 1991 Golden exercised an option to purchase 1,250,000 unissued shares of the Company's Common Stock pursuant to an agreement entered into between the Company and Golden on November 28, 1990 in connection with a merger agreement between them, thereafter superseded by an Asset Purchase Agreement. Based upon the fair market value of the Common Stock issued, the net assets acquired were $391,000. Also during January 1992 the Company issued 568,808 authorized but unissued shares of the Company's Common Stock to Golden in payment of accounts payable therefrom in the amount of $75,000.

No cash was paid for interest or income taxes for the nine months ended March 31, 1992. Cash paid for interest amounted to $35,000 and cash paid for income taxes amounted to $2,000 for the nine months ended March 31, 1991.

As more fully discussed in Notes to Consolidated Financial Statements and Note 2 thereof, the Company sold to Golden substantially all of the oil and gas properties and related oil and gas assets of the Company and its wholly owned subsidiary, Chace Oil Company, in exchange for 4,884,506 shares of Common Stock of Golden. On March 19, 1992 the Company's Board of Directors declared a dividend to its shareholders of record on March 20, 1992 of 90% of the Golden Common Stock received by the Company.

See Notes to Consolidated Financial Statements.

COBB RESOURCES CORPORATION

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Principles

For a summary of significant accounting principles, see Notes to Consolidated Financial Statements and Note 1 thereof contained in the Annual Report on Form 10-K of Cobb Resources Corporation (the "Company") for the year ended June 30, 1991 which is incorporated herein by reference. The Company follows the same accounting policies during interim periods as it does for annual reporting purposes.

The accompanying consolidated financial statements are condensed and unaudited. In the opinion of management, the unaudited interim financial statements furnished reflect all adjustments of a normal recurring nature which are necessary to a fair statement of the results for the interim periods presented.

Certain amounts from prior periods have been reclassified to conform to the presentation format for the current consolidated financial statements with no effect on previously reported results of operations.

(2) Developments with Golden Oil Company

The Company, Chace Oil Company, a wholly owned subsidiary of the Company ("Chace") and Golden Oil Company ("Golden") entered into an Asset Purchase Agreement on April 5, 1991, amended as of June 25, 1991 and September 30, 1991 (the "Asset Purchase Agreement"). The Asset Purchase Agreement and related transactions in connection therewith were unanimously approved by the Boards of Directors of the Company, Chace and Golden. The Asset Purchase Agreement provided for the sale to Golden of substantially all of the Company's and Chace's oil and gas properties and oil and gas related assets (the "Assets") in exchange for 5,132,563 shares of Common Stock of Golden ("Golden Shares"), subject to certain adjustments (the "Asset Purchase"). The actual number of Golden shares delivered to Cobb at the closing date were subject to certain adjustments including the amount of any payables, receivables, inventory or prepaid expenses assumed by Golden. In connection with its approval of the Asset Purchase, the Company's Board of Directors received from the independent investment banking firm of Kemper Securities Group, Inc. a written opinion confirming the fairness of the transaction, from a financial point of view, to the Company's shareholders. The Company will retain ownership of its interests in certain mining properties.

At the Company's Annual Meeting held on March 18, 1992 the shareholders approved the Asset Purchase transaction by an affirmative vote of the required two-thirds majority of shares outstanding and eligible to vote. On March 19, 1992 Golden issued 4,884,506 shares of its Common Stock to the Company, after certain closing adjustments which reflected certain obligations assumed by Golden. Distribution of 90% of the Golden Common Stock received by the Company to its shareholders of record on March 20, 1992 was approved by the Board of Directors and completed on April 30, 1992. The remaining shares of Golden Common Stock are being held in a separate voting trust for possible sale or distribution by the Company as it may determine in connection with its future business plans.

The Company's Board, in making its final determination as to the number of shares of Golden Common Stock distributed in the Distribution, considered the Company's liquidity at the time of the Distribution in relation to its then existing and foreseeable obligations and commitments (including those in connection with the London Mine as discussed below), as well as the Company's progress in its efforts to locate additional equity financing, to sell assets, or to enter into a merger, joint venture or other corporate reorganization.

During April 1991 the Company and Golden entered into an agreement under which, pending the approval of the Asset Purchase by the Company's shareholders, Golden assumed operation of the Company's oil and gas operations (the "Operating Agreement"). Under the Operating Agreement, Golden assumed responsibility for accounting and operation for the Company's 98 operated and 19 nonoperated wells. Pursuant to the Operating Agreement, the Company paid Golden $25,000 per month, or the equivalent paid in Common Stock of the Company valued at the average bid price of such shares on a monthly basis. During January 1992 Golden increased its ownership to approximately 39.3% of the Company upon receipt of payment in shares of the Company's Common Stock for services rendered during the fourth quarter 1991 pursuant to the Operating Agreement.

At present the Company plans to remain a public entity principally in the mining business. The Company holds interests in several small mining prospects, its royalty interest in the Copper Flat property, shares of Golden Common Stock not distributed and a joint venture interest in the London Mine Venture.

(3) Discontinued Operations

Pursuant to the Asset Purchase transaction, the Company sold substantially all of its oil and gas properties and oil and gas related assets effective March 19, 1992 and accordingly, the Company has reported its oil and gas operations as discontinued operations. The consolidated financial statements of the Company included herewith have been reclassified to report separately the net assets and operating results of the discontinued oil and gas operations. The prior year statements of operations and cash flows have been restated to reflect the oil and gas operations as discontinued operations.

(4) Accounts Receivable

Amounts shown as accounts receivable are net of $17,000 at June 30, 1991, to reflect estimated provisions for doubtful collection of certain non-recourse obligations primarily in connection with certain working interest participants and drilling arrangements. As a result of the Asset Purchase transaction the Company reported no provision for doubtful collection at March 31, 1992.

(5) Inventory

Inventory consists of oil and gas field supplies stated at the lower of cost (first-in, first-out) or market. The Company reevaluates its inventory from time to time and provides a valuation allowance to reduce slow moving and obsolete inventory to its net realizable value. Inventory at June 30, 1991 is net of an allowance of $18,000 for slow moving and obsolete inventory. As a result of the Asset Purchase transaction no inventory was reported at March 31, 1992.

(6) Copper Flat Property

Pursuant to an agreement with Hydro Resources Corporation, a New Mexico corporation owned substantially by Mr. George O. Intspeich, the former President and a former director of the Company ("Hydro"), the Company sold the Copper Flat property on July 25, 1989 to Copper Flat Mining Company, Ltd., a Colorado corporation ("CFMC"). Proceeds to the Company which were paid at closing on November 16, 1989 included the first year's annual minimum royalty of $150,000 and an expense reimbursement of $25,000. The agreement with CFMC provides for continuing minimum annual royalty payments of $150,000 until production begins. Thereafter royalties are 2½% Net Smelter Return ("NSR") until the earlier of payout or five years and 5% NSR thereafter. NSR refers to gross proceeds from sales of concentrates less transportation costs and penalties. After the initial royalty payment to the Company of $150,000 the Company and Hydro were to each receive 50% of all future payments, after reimbursement of expenses. In an agreement entered into between the Company and Hydro dated April 5, 1991, Hydro reconveyed a portion of its royalty and reversionary rights in the Copper Flat property to the Company. As a result, the Company will receive 51% of all future royalty payments after reimbursement of expenses, and Hydro will receive the remaining 49% of each royalty payment. In the event the Copper Flat property reverts under the agreement with CFMC, the Company and Hydro would receive a 51% and 49% interest, respectively, in the property.

In October 1991 the Company received $150,000 from CFMC representing the annual minimum royalty payment for 1991. In accordance with the above agreement dated April 5, 1991 such payment was proportionately allocated with $76,500 to the Company and $73,500 to Hydro. For the nine months ended March 31, 1992 the Company recorded its proportionate share of such payment by reducing its remaining cost basis in certain other mineral properties by $15,875 and recognizing $60,625 of mining royalty income.

(7) London Mine

During 1978 the Company acquired leases pertaining to the London Gold Mine in central Colorado (the "London Mine"). Subsequently the Company entered into a joint venture agreement ("London Mine Venture") with Boulder Gold, Inc., a Colorado corporation ("Boulder"), under which Boulder operated the London Mine. In September 1990 the London Mine Venture executed a mining venture agreement with Alma American Mining Corporation, a Colorado corporation ("Alma") to form the Alma London Joint Venture (the "Alma Venture") for further exploration, development and operation of the London Mine by Alma. Under the Alma Venture, Alma participated with a 50% interest and the Company and Boulder each retained a 25% interest. Based upon the results of such renewed exploration and drilling operations and the continued weakness of gold prices, during the quarter ended September 30, 1991 Alma terminated its management of and participation in the Alma Venture and control of the London Mine reverted back to the London Mine Venture with the Company retaining a 50% interest. Presently there are only minimal ongoing operations at the London Mine. Further, the Company has been notified by the operator of the London Mine Venture that the State of Colorado has delivered a notice of violation in connection with alleged noncompliance by the London Mine Venture and the former Alma Venture under the terms of water discharge permits at the London Mine.

The Company is presently unable to assess fully the extent to which response action may be required at the London Mine site or the extent to which the London Mine Venture may be held responsible for any such required remediation. There can be no assurance that the ultimate resolution of this matter will not have a material adverse effect on the Company in the future.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

The Company's operations prior to consummation of the Asset Purchase on March 19, 1992 were funded primarily through the utilization of existing working capital and internally generated funds from operating activities. Since consummation of the Asset Purchase, the Company intends to meet its reduced operating needs for working capital from internal sources; sales of shares of Golden Common Stock as may be held by the Company; sales of securities; borrowings; and asset sales. Other means of financing also may be utilized if deemed necessary or desirable. There can be no assurance that external financing will be available to the Company when needed, or if it is available, that it will be on terms favorable to the Company.

Cash and cash equivalents decreased from $205,000 to $17,000, a net decrease of $188,000 for the nine months ended March 31, 1992. Such decrease resulted from the Company's reduced operations as a result of the consummation of the Asset Purchase. For additional information concerning the Asset Purchase, see Notes to Consolidated Financial Statements and Note 2 hereof. For the nine months ended March 31, 1992 the Company used $210,000 of net cash in operating activities compared to net cash generated from operating activities of $119,000 for the nine months ended March 31, 1991. On a consolidated basis as of March 31, 1992 the Company had working capital of $3,000 and a current ratio of 1.0 to 1.0 compared to a working capital deficit of $43,000 and a current ratio of 0.9 to 1.0 as of June 30, 1991.

Pursuant to the Asset Purchase transaction, the Company sold substantially all of its oil and gas properties and oil and gas related assets effective March 19, 1992 and accordingly, the Company reported its oil and gas operations as discontinued operations. The consolidated financial statements of the Company included herewith have been reclassified to report separately the net assets and operating results of the discontinued oil and gas operations. The prior year statements of operations and cash flows have been restated to reflect the oil and gas operations as discontinued operations.

The Company, Chace and Golden entered into an Asset Purchase Agreement on April 5, 1991, amended as of June 25, 1991 and September 30, 1991. The Asset Purchase Agreement and related transactions in connection therewith were unanimously approved by the Boards of Directors of the Company, Chace and Golden. The Asset Purchase Agreement provided for the sale to Golden of substantially all of the Company's and Chace's oil and gas properties and oil and gas related assets in exchange for 5,132,563 shares of Common Stock of Golden subject to certain adjustments. The actual number of Golden shares delivered to Cobb at the closing date were subject to certain adjustments including the amount of any payables, receivables, inventory or prepaid expenses assumed by Golden. In connection with its approval of the Asset Purchase, the Company's Board of Directors received from the independent investment banking firm of Kemper Securities Group, Inc. a written opinion confirming the fairness of the transaction, from a financial point of view, to the Company's shareholders. The Company will retain ownership of its interests in certain mining properties.

At the Company's Annual Meeting held on March 18, 1992 the shareholders approved the Asset Purchase transaction by an affirmative vote of the required two-thirds majority of shares outstanding and eligible to vote. On March 19, 1992 Golden issued 4,884,506 shares of its Common Stock to the Company, after certain closing adjustments which reflected certain obligations assumed by Golden. Distribution of 90% of the Golden Common Stock received by the Company to its shareholders of record on March 20, 1992 was approved by the Board of Directors and completed on April 30, 1992. The remaining shares of Golden Common Stock are being held in a separate voting trust for possible sale or distribution by the Company as the Company may determine in connection with its future business plans.

The Company's Board, in making its final determination as to the number of shares of Golden Common Stock distributed in the Distribution, considered the Company's liquidity at the time of the Distribution in relation to its then existing and foreseeable obligations and commitments (including those in connection with the London Mine as discussed below), as well as the Company's progress in its efforts to locate additional equity financing, to sell assets, or to enter into a merger, joint venture or other corporate reorganization.

At present the Company plans to remain public entity operating principally in the mining business. The Company holds interests in several small mining prospects, its royalty interest in the Copper Flat property, shares of Golden Common Stock not distributed and a joint venture interest in the London Mine Venture.

Results of Operations

Comparison of the Three Months Ended March 31, 1992 and 1991

Interest and other income decreased to $3,000 for the quarter ended March 31, 1992 compared to $6,000 for the prior year quarter primarily as a result of decreased funds available for short-term interest bearing investments.

Mining property costs totalled $15,000 for the current quarter reflecting assessment work and taxes related to certain mining properties. There were no prior year quarter comparable expenses. Depreciation, depletion and amortization remained constant at $5,000 for the quarter ended March 31, 1992 compared to $5,000 for the prior year quarter.

General and administrative expenses decreased to $11,000 for the quarter ended March 31, 1992 compared to $15,000 for the prior year quarter. The decrease of $4,000 is due primarily to reduced operating expenses of the Company's continuing operations. During the quarter ended March 31, 1992 the Company incurred no interest expense. Interest expense for the prior year quarter totalled $1,000 which resulted from outstanding debt during such period.

Primarily reflecting the factors discussed above, the Company reported a net loss from continuing operations of $28,000 for the quarter ended March 31, 1992 compared to a net loss from continuing operations of $15,000 for the prior year quarter.

During the quarter ended March 31, 1992 the Company reported a loss from operations of discontinued oil and gas operations of $154,000 compared to a loss of $77,000 for the prior year quarter. The increase of $77,000 is due primarily to increased professional fees and expenses associated with the Asset Purchase transaction. In connection with the sale of substantially all of the Company's and Chace's oil and gas properties and oil and gas related assets, the Company recorded a loss on disposition of discontinued oil and gas operations of $111,000 during the current quarter.

Comparison of the Nine Months Ended March 31, 1992 and 1991

Mining royalty income decreased to $61,000 for the current nine month period compared to $80,000 for the nine months ended March 31, 1991. The current period mining royalty income includes $76,500 which is the Company's proportionate share of the annual minimum royalty payment related to the Copper Flat property less a reduction for the Company's remaining cost basis in certain other mineral properties. Mining royalty income for the prior year nine month period included $75,000 in royalty income from the Copper Flat property and other mining royalties of $5,000. For additional information concerning the Copper Flat property, see Notes to Consolidated Financial Statements and Note 6 thereof. Interest and other income decreased to $9,000 for the nine month period ended March 31, 1992 compared to $28,000 for the prior year period primarily as a result of decreased funds available for short-term interest bearing investments.

Mining property costs totalled $25,000 during the nine months ended March 31, 1992 compared to $18,000 for the prior year period, an increase of $7,000. Such expenses reflect assessment work and taxes related to certain mining properties. Depreciation, depletion and amortization increased slightly to $15,000 for the nine months ended March 31, 1992 compared to $14,000 for the prior year period.

General and administrative expense decreased to $37,000 for the nine months ended March 31, 1992 compared to $42,000 for the prior year period. The decrease of $5,000 is due primarily to reduced operating expenses of the Company's continuing operations. During the nine months ended March 31, 1992 the Company incurred no interest expense. Interest expense for the prior year period totalled $4,000 which resulted from outstanding debt during such period.

Primarily reflecting the factors discussed above, the Company reported a net loss from continuing operations of $7,000 for the nine months ended March 31, 1992 compared to net earnings from continuing operations of $30,000 for the prior year period.

During the nine month period ended March 31, 1992 the Company reported a loss from operations of discontinued oil and gas operations of $404,000 compared to a loss of $209,000 for the prior year period. The increase of $195,000 is due primarily to increased professional fees and expenses associated with the Asset Purchase transaction. In connection with the sale of substantially all of the Company's and Chace's oil and gas properties and oil and gas related assets, the Company recorded a loss on disposition of discontinued oil and gas operations of $111,000 during the current nine month period.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

1. The Company was notified by the operator of the London Mine Venture that the venture had received on December 8, 1991, a notice of violation from the Colorado Department of Health in connection with alleged noncompliance with the terms of water discharge permits at the London Mine from July 1991 through October 1991. The London Mine was operated during these times through both the Alma London Joint Venture and the London Mine Venture. The notice of violation includes a cease and desist order with respect to further violations and notes the possibility of imposition of significant fines. Management of the Company is not able at this time to assess fully the extent to which response action may be required at the London Mine or the extent to which the Company may be held responsible for any such required remediation, and there can be no assurance that the ultimate resolution of this matter will not have a material adverse effect on the Company in the future.

Item 4. Submission of Matters to a Vote of Security Holders.

At the Company's Annual Meeting held on March 18, 1992 shareholders voted upon and approved certain matters set forth in the Notice and Proxy Statement dated February 7, 1992. Members of the Company's Board of Directors elected to serve until the next Annual Meeting were Messrs. Stephen B. Aycock, William J. Mayhew, Ralph T. McElvenny, Jr. and Frank J. Yeager. The Company's shareholders also approved the Asset Purchase Agreement among the Company, Chace and Golden, providing for the sale of substantially all of the Company's and Chace's oil and gas properties and oil and gas related assets in exchange for 5,132,563 shares of Golden's Common Stock, subject to certain adjustments. The results of the shares voting on such proposal was 7,098,798 for, 53,395 opposed and 11,603 abstaining. On March 19, 1992 the Company's Board of Directors declared a dividend to its shareholders of record on March 20, 1992 of 90% of the Golden Common Stock received by the Company.

In addition, the Company's shareholders voted and approved an amendment to the Company's Articles of Incorporation which requires approval by a majority vote of the outstanding shares of the Company's Common Stock for certain corporate actions as to which a two-thirds vote was previously required. The results of the shares voting on such proposal was 6,584,704 for, 560,793 opposed and 18,299 abstaining.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

None.

(b) Reports on Form 8-K

The Company filed a report on Form 8-K dated March 19, 1992 reporting in Items 2 and 7 the Asset Purchase transaction in which the Company sold substantially all of the oil and gas properties and oil and gas related assets of the Company and Chaco in exchange for shares of Golden Common Stock.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COBB RESOURCES CORPORATION

Date: May 19, 1992

By:

Stephen B. Aycock
President and
Principal Financial Officer

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended March 27, 1992

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

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Commission file number 2-20910

COTTER & COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	36-2099896
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2740 North Clybourn Avenue Chicago, Illinois	60614
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) 312-975-2700

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No___

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares outstanding of each of the Issuer's classes of Common Stock, as of April 24, 1992. (30

Class A Common Stock, $100 Par Value.	69,560 Shares.
Class B Common Stock, $100 Par Value.	1,014,948 Shares.

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

COTTER & COMPANY

CONDENSED CONSOLIDATED BALANCE SHEET

(000's Omitted)

	March 27, 1992 (UNAUDITED)	December 28, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,382	$ 1,061
Accounts and notes receivable	307,547	242,591
Inventories (Note 3)	404,992	325,256
Prepaid expenses	14,357	6,842
Total current assets	732,278	575,750
Properties owned, less accumulated depreciation	180,749	171,965
Properties under capital leases, less accumulated amortization	10,117	10,298
Other assets	4,425	5,096
TOTAL ASSETS	$927,569	$763,109

See Notes to Condensed Consolidated Financial Statements.

COTTER & COMPANY

CONDENSED CONSOLIDATED BALANCE SHEET

(000's Omitted)

	March 27, 1992 (UNAUDITED)	December 28, 1991
LIABILITIES AND CAPITALIZATION		
Current liabilities:		
Accounts payable and accrued expenses	$389,655	$322,570
Short-term borrowings	124,217	21,282
Current maturities of notes, long-term debt and lease obligations	39,395	39,426
Patronage dividends payable in cash (Estimated at March 27, 1992) (Note 2)	3,413	18,423
Total current liabilities	556,680	401,701
Long-term debt and obligations under capital leases	19,095	13,335
Capitalization:		
Estimated patronage dividends to be distributed principally by the issuance of promissory (subordinated) notes and redeemable Class B nonvoting common stock (Note 2)	4,854	-
Promissory (subordinated) and instalment notes	235,549	235,289
Redeemable Class A Common stock and partially paid subscriptions (issued and fully paid, 70,140 and 70,160 shares)	7,113	7,077
Redeemable Class B nonvoting common stock and paid-in capital (issued and fully paid, 1,020,914 and 951,886 shares; issuable as partial payment of patronage dividends, 78,301 shares as of December 28, 1991)	103,189	104,151
Retained earnings	1,089	1,556
Total capitalization	351,794	348,073
TOTAL LIABILITIES AND CAPITALIZATION	$927,569	$763,109

See Notes to Condensed Consolidated Financial Statements.

COTTER & COMPANY

CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

FOR THE THIRTEEN WEEKS ENDED

(000's Omitted)

(UNAUDITED)

	March 27, 1992	March 29, 1991
Revenues	$543,360	$492,533
Cost and expenses:		
Cost of revenues	494,746	450,162
Warehouse, general and administrative	32,424	27,554
Interest paid to members	6,229	6,155
Other interest expense	1,367	747
Other income, net	(290)	(371)
Income tax expense	87	150
	534,563	484,397
Net earnings	$ 8,797	$ 8,136

See Notes to Condensed Consolidated Financial Statements.

COTTER & COMPANY

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THIRTEEN WEEKS ENDED

(000's Omitted)

(UNAUDITED)

	March 27, 1992	March 29, 1991
Cash flows provided by (used for) operating activities:		
Net earnings	$ 8,797	$ 8,136
Adjustments to reconcile net earnings to cash and cash equivalents from operating activities:		
Statement of earnings components not affecting cash and cash equivalents	6,176	5,835
Net change in working capital components	(84,963)	(63,215)
Net cash and cash equivalents (used for) operating activities	(69,990)	(49,244)
Cash flows provided by (used for) investing activities:		
(Additions) to properties owned net of proceeds	(10,683)	(3,467)
Decrease (increase) in other assets	671	(25)
Net cash and cash equivalents (used for) investing activities	(10,012)	(3,492)
Cash flows provided by (used for) financing activities:		
Proceeds from short-term borrowings	102,935	57,000
Payment of annual patronage dividend	(17,789)	(16,498)
Payment of notes, lease obligations and Class A common stock	(823)	(1,072)
Net cash and cash equivalents provided by financing activities	84,323	39,430
Net increase (decrease) in cash and cash equivalents	4,321	(13,306)
Cash and cash equivalents at beginning of the year	1,061	17,837
Cash and cash equivalents at end of the period	$ 5,382	$ 4,531

See Notes to Condensed Consolidated Financial Statements.

COTTER & COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1 - GENERAL

The condensed consolidated balance sheet, statement of earnings and statement of cash flows at and for the period ended March 27, 1992 and the condensed consolidated statement of earnings and statement of cash flows for the period ended March 29, 1991 are unaudited and, in the opinion of the management of Cotter & Company (the Company), include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of financial position, results of operations and changes in cash flows for the respective interim periods. This financial information should be read in conjunction with the consolidated financial statements for the year ended December 28, 1991 included in the Company's Post-Effective Amendment No.1 to Form S-2 Registration Statement (No. 33-39477) and in the Company's 1991 Annual Report on Form 10-K.

NOTE 2 - ESTIMATED PATRONAGE DIVIDENDS

Patronage dividends are declared and paid by the Company after the close of each year. It is estimated that, based on past experience, the 1992 annual patronage dividend will be distributed through a payment of 30% of the total distribution in cash, with the balance being paid through the issuance of Cotter & Company Class B nonvoting common stock and seven-year Cotter & Company promissory (subordinated) notes. Such patronage dividends, consisting of substantially all of the Company's patronage source income, have been paid since 1949. The estimated patronage dividend for the thirteen weeks ended March 27, 1992 is $9,264,000 compared to $8,593,000 for the same period in 1991.

NOTE 3 - INVENTORIES

Inventories consisted of:	March 27, 1992	December 28, 1991
	(UNAUDITED)	
	(000's Omitted)	
Manufacturing inventories:		
Raw materials	$ 12,999	$ 13,604
Work-in-process and finished goods	45,572	49,170
	58,571	62,774
Merchandise inventories	346,421	262,482
	$404,992	$325,256

NOTE 4 - CAPITALIZATION

Total shares authorized for redeemable $100 par value Class A common stock and Class B nonvoting common stock are 100,000 and 1,100,000 shares, respectively, at March 27, 1992 and December 28, 1991.

NOTE 5. - ACQUISITIONS

In January 1992, a newly formed Canadian subsidiary acquired certain assets of MacLeod-Stedman, Inc. Winnipeg, Manitoba based wholesale distributor of hardware and variety merchandise for $13,100,000. A Canad cooperative was also formed and approximately 275 former MacLeod-Stedman, Inc. franchisees have beco members, with the intention of acquiring their merchandise inventory from this cooperative. The Canadian operatio are fully consolidated in the condensed consolidated financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIO

THIRTEEN WEEKS ENDED MARCH 27, 1992 COMPARED WITH THE THIRTEEN WEEKS ENDED MARCH 29, 19

RESULTS OF OPERATIONS:

Revenues increased by $50,827,000 or 10.3% compared to the previous year. These increases resulted fr improved membership participation combined with improved economic conditions. Gross margins increased $6,243,000 or 14.7% due to increased sales. Gross margin as a percentage of revenue was 8.9% compared to 8.6 for the same period last year.

Warehouse, general and administrative expenses increased by $4,870,000 or 17.7% in support of increased sa and expansion of the Company's distribution network.

Interest paid to members increased by $74,000 or 1.2% due to an increase in the balance of promiss (subordinated) and instalment notes partially offset by a lower average interest rate.

Other interest expenses increased by $620,000 or 83.0% due to an increase in short-term bank borrowi compared with the same period last year.

Net earnings were $8,797,000 compared to $8,136,000 for the same period last year.

The effect of the Canadian operations does not have a significant impact on the Company's operating results financial position.

THIRTEEN WEEKS ENDED MARCH 27, 1992 COMPARED WITH THE YEAR ENDED DECEMBER 28, 1991

LIQUIDITY AND CAPITAL RESOURCES:

In 1992, net working capital increased to $175.6 million from $174.0 million at December 28, 1991. The curr ratio in 1992 is 1.32 compared to 1.43 in 1991. Current assets increased by $156.5 million primarily due to increas inventories of $79.7 million, to better service the needs of members and supply the new regional distribution cen in Kingman, Arizona. In addition, accounts and notes receivable increased by $65.0 million resulting from increas sales and favorable payment terms obtained by the Company from its vendors which the Company passed on to members. Current liabilities increased by $155.0 million due to an increase in short-term borrowings of $102.9 mill and an increase in accounts payable and accrued expenses of $67.1 million in support of the increased inventori

Short-term lines of credit available under informal agreements with lending banks, cancellable by either pa amounted to $90.0 million at March 27, 1992. There were $90.0 million of borrowings outstanding under th agreements as of March 27, 1992. In addition, the Company borrowed $34.2 million against the uncommitted li of credit with lending banks as of March 27, 1992.

The Company's capital is derived from redeemable Class A common stock and retained earnings, together w promissory (subordinated) notes and redeemable nonvoting Class B common stock issued in connection with Company's annual patronage dividend. In prior years, funds derived from these capital resources have been suffici to satisfy long-term capital needs.

LIQUIDITY AND CAPITAL RESOURCES - cont.

Net capital expenditures including those made under capital leases, exclusive of assets acquired for the Canadian operations (See Note 5), were $3.8 million for the thirteen weeks ended March 27, 1992 compared to $3.5 million during the same period in 1991. The 1992 expenditures were principally related to additional equipment and technological improvements at the regional distribution centers and the National Headquarters. Funding of 1992 capital expenditures is anticipated to come from operations and external sources, if necessary.

The effects of all recent tax legislation have been reflected in the condensed consolidated financial statements included elsewhere herein. Additionally, the Company has reviewed the impact of all new accounting standards issued as of March 27, 1992, that will be adopted at a future date, and has determined that these will not have a material impact on the Company's operating results and financial position.

PART II - OTHER INFORMATION

Item 4. SUBMISSION OF MATTTERS TO A VOTE OF SECURITY HOLDERS

(a) The annual meeting of stockholders was held on April 7, 1992.

(b) The annual meeting involved the re-election of five current Directors whose terms expired on April 7, 1992.

The following Directors were elected for a term of three years:

Kenneth O. Cayce, Jr.
William M. Halterman
Jeremiah J. O'Connor
Richard L. Schaefer
John M. West, Jr.

In addition to the foregoing, the following persons were, on April 7, 1992, Directors of the Company whose terms of office continued after the annual meeting:

William M. Claypool, III
Michael P. Cole
Samuel D. Costa, Jr.
Daniel A. Cotter
Mark W. Everett, Jr.
Leonard C. Farr
Jerrald T. Kabelin
Arthur W. Ketelsen
Lewis W. Moore
Robert G. Waters

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 4. Instruments defining the rights of security holders, including indentures; incorporated herein by reference those items included as Exhibits 4A through 4I, inclusive, in the Company's Post-Effective Amendment No.1 to form S-2 Registration Statement (No. 33-39477) filed with the Securities and Exchange Commission on March 18, 1992.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the period for which this report is filed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

COTTER & COMPANY

By Kerry J Kirby
Kerry J. Kirby
Vice President - Finance
and Administration
Chief Financial Officer

Date: May 8, 1992

(Mr. Kirby is the principal accounting officer and has been duly authorized to sign on behalf of the Registrant.)

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Page 1 of 3 pages.
No Exhibits.

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FORM 10-Q

SECURITIES and EXCHANGE COMMISSION
Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 28, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number 0-18353

CONJECTURE, INC.
(Exact name of registrant as specified in its charter)

3-3

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Idaho
(State of incorporation or organization)

82-0219291
(IRS employer identification numbe

P.O. Box 15165, Spokane, Washington 99215
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: (509) 226-0812

Indicate by check mark whether the registrant (1) has filed all annual, quarterly and other reports required to be filed with the Commission and (2) has been subject to the filing requirements for at least 90 days.

Yes _X_ No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

5,328,805 shares of common stock, $.05 par value, outstanding at May 4, 1992.

CONJECTURE, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 28, 1992

Part I. Financial Information.

Registrant is a mining company, engaged primarily in the exploration for mineral deposits and is not in the production state. As a result, registrant is not required to file information otherwise required under Part I, pursuant to the provisions of Rule 13(a)-13(c) (3) of the Securities Exchange Act of 1934.

Part II. Other Information.

Items 1, 2, 3, 4, 5 and 6 of Part II are omitted from this report as inapplicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: 5/11/92

Conjecture, Inc.
Robert P Shanewise
By Bruce G Austin PER RESOLUTION
Robert P. Shanewise DATED MAY 11, 1992
President

Dated: 5/6/92

Bruce G Austin
Bruce G. Austin
Secretary/Treasurer

DIRECTORS CONSENT

CONJECTURE, INC.

Pursuant to the authority contained in Idaho Code Section 30-1-44, the undersigned, being all of the directors of Conjecture, Inc., hereby consent to and adopt the following resolutions, as though a meeting had been held.

RESOLVED, that Article VIII, Section 8.1(d) of the Plan and Agreement of Merger dated as of December 27, 1992,1 shall be amended to state as follows:

> (d) Effective Date. By either party, if the Effective Date has not occurred by June 30, 1992, unless such date is extended by mutual agreement of the parties;

RESOLVED, that Article VIII, Section 8.1(e) of the Plan and Agreement of Merger dated as of December 27, 1992,1 shall be amended to state as follows:

> (e) S-4 Registration Statement Effective. By either party, if the S-4 has not become effective by June 10, 1992, unless such date is extended by mutual agreement of the parties;

RESOLVED, that Bruce G. Austin, Secretary/Treasurer, is authorized to perform all of the powers and responsibilities granted to Robert P. Shanewise, M.D., as President of the Corporation, during Dr. Shanewise' absence, including execution of any amendments to the Plan and Agreement of Merger, review and approval of the Registration Statement on Form S-4, and review and approval of changes or revisions thereto made following the filing of the Registration Statement with the Securities and Exchange Commission.

DATED this 11th day of May, 1992.

Robert P. Shanewise, M.D.

Bruce G. Austin

Donald W. Hart

H B Sanderson

Herbert S. Sanderson

Robert E.D. Miller

BY

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 10549
FORM 10-Q

JUL 01 1992

(Mark One)

(X) Quarterly report pursuant to Section 13 of 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended May 31, 1992 or

( ) Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number 0-10843

CSP Inc. /mn/

(Exact name of registrant as specified in its charter)

MASSACHUSETTS	04-2441294
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

40 Linnell Circle, Billerica, Massachusetts 01821

(Address of principal executive offices)

Registrant's telephone number, including area code: (517)272-6020

NONE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

APPLICABLE ONLY TO CORPORATE USERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at June 26, 1992
Common Stock, $.01 par value	2,694,170 shares

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CSP INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	May 31, 1992 (Unaudited)	August 31, 1991 (Audited)
	(Dollars in thousands)	
Current Assets:		
Cash and cash equivalents	$7,909	$6,266
Marketable securities	7,535	7,982
Accounts receivable, net	3,170	2,466
Inventories	1,442	1,938
Deferred income taxes	266	184
Refundable income taxes	80	40
Prepaid expenses	372	248
Total Current Assets	20,774	19,124
Property, equipment and improvement,net	3,043	2,915
Other Assets:		
Land held for future expansion, at cost	163	163
Deferred income taxes	322	283
Other assets	322	452
Total Assets	$24,624	$22,937
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	1,376	1,205
Income taxes payable	216	63
Total Current Liabilities	1,592	1,268
Deferred compensation and retirement plans	1,467	1,295
Shareholders' Equity:		
Common stock, $.01 par value: authorized 7,500,000 shares; issued 2,836,834 and 2,827,484	29	28
Paid-in capital	9,678	9,624
Retained earnings	12,621	11,485
Equity adjustment foreign currency translation	65	65
	22,393	21,202
Less treasury stock at cost, 155,414 and 155,434	(828)	(828)
Total Shareholders' Equity	21,565	20,374
Total Liabilities and Shareholders' Equity	$24,624	$22,937

The accompanying notes are an integral part of these statements.

CSP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended May 31,		Nine months ended May 31,	
	1992	1991	1992	1991
	(Dollars in thousands, except for per share data)			
Sales	$4,084	$3,440	$11,854	$9,810
Costs and Expenses, net:				
Cost of sales	1,383	1,231	4,265	3,647
Engineering and development	748	763	2,224	2,155
Marketing and sales	967	923	2,735	2,491
General and administrative	535	394	1,499	1,190
Total costs and expenses, net	3,633	3,311	10,723	9,483
Operating profit	451	129	1,131	327
Dividends income	8	98	49	339
Interest income	127	101	411	305
Interest expense	(7)	(5)	(19)	(13)
Gain(loss) on foreign exchange transactions	(4)	20	(4)	3
Gain(loss) on foreign exchange translations	(6)	(19)	(2)	5
Net realized and unrealized gain(loss) on marketable securities	12	28	68	54
Income before taxes	581	352	1,634	1,020
Provision for income taxes	145	104	501	320
Net income	$436	$248	$1,133	$700
Per Share of Common Stock:				
Primary Earnings per share	$0.16	$0.09	$0.42	$0.26
Primary shares outstanding	2,756,415	2,694,867	2,748,023	2,684,278

The accompanying notes are an integral part of these statements.

CSP INC.AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Dollars in thousands)
(Unaudited)

	Three months ended May 31,		Nine months ended May 31,	
	1992	1991	1992	1991
Cash flows from operating activities:				
Net Income	$436	$248	$1,133	$700
Adjustments to reconcile net income to net cash from(used for) operating activies:				
Unrealized gain on marketable securi	(12)	(29)	(68)	(55)
Depreciation and amortization	160	136	440	334
Deferred compensation and retirement	58	36	172	137
Deferred income taxes	--	(88)	(121)	(138)
Changes in operating assets and liablities:				
(Increase) decrease in accounts rec	(5)	(192)	(704)	(787)
(Increase) decrease in inventories	373	151	496	(362)
(Increase) decrease in refund taxes	(80)	(59)	(40)	(9)
(Increase) decrease in prepaid expe	1	29	(124)	(153)
Increase(decrease) in accounts payable and accrued expenses	(192)	132	171	509
Increase (decrease) in income taxes	(1)	46	153	45
Total adjustments	302	162	375	(479)
Net cash from (used for) operating activities	738	410	1,508	221
Cash flows from (used for) investing activities:				
Purchase of marketable securities	(23,953)	(4,303)	(69,381)	(46,472)
Sale of marketable securities	22,750	6,601	69,896	44,254
Equipment	(198)	(264)	(568)	(537)
Other assets	56	(267)	130	(31)
Net cash used in investing activities	(1,345)	1,767	77	(2,786)
Cash flows from(used for) financing activities:				
Purchase of stock options	13	--	58	--
Purchase of treasury stock	--	--	--	(124)
Net cash used in financing activities	13	--	58	(124)
Net increase(decrease) in cash	(594)	2,177	1,643	(2,689)
Cash and cash equivalents, beginning of year	8,503	2,620	6,266	7,494
Cash and cah equivalents, end of year	$7,909	$4,805	$7,909	$4,805
Supplementary information:				
Income taxes paid (recovered), net	$200	$108	$412	$315

See notes to consolidated financial statements

CSP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying financial statements have been prepared by the Company, without audit, and reflect all adjustments which, in the opinion of management, are necessary for a a fair statement of the results of the interim periods presented. All adjustments were of a normal recurring nature. Certain information and footnote disclosures normally included in the annual financial statements which are prepared in accordance with generally accepted accounting principles have been condensed or omitted. Accordingly, the Company believes that although the disclosures are adequate to make the information presented not misleading, the financial statements should be read in conjunction with the footnotes contained in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1991.

2. Summary of Significant Accounting Policies:

(a) Principles of Consolidation:

The consolidated financial statements include the accounts of the parent company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

(b) Cash and Cash Equivalents:

Cash and cash equivalents consist of cash on hand and money market investments. The Company considers cash equivalents to be highly liquid temporary cash investments with original maturities of 90 days or less.

(c) Marketable Securities:

Marketable equity securities are carried at the lower of cost or market value. Interest income is accrued as earned. Dividend income is recorded as income on the date the stock traded "ex dividend". The cost of marketable securities sold is determined on the specific indentification method and realized gains or losses are reflected in income.

(d) Inventories:

Inventories are stated at the lower of cost or market; cost being determined principally by use of the average-cost method.

(e) Equipment and Improvements:

The components of equipment and improvements are stated at cost. The Company provides for depreciation by use of the straight-line method over the estimated useful lives of the equipment. Leasehold improvements are amortized over the shorter of the remaining term life of the lease or the life of the improvement.

(f) Product Warranty:

The Company ordinarily provides a ninety-day warranty covering defects arising from products sold and services performed. In addition to this standard warranty, certain major customers are granted extended warranties. In connection with these obligations, the Company has provided a reserve, which in the opinion of management, is adequate to cover such warranty costs.

(g) Revenue Recognition:

Revenues from product sales are recognized at the time of shipment.

(h) Engineering and Development Expenses:

Engineering and development expenditures for company-sponsored projects are charged to expense as incurred.

(i) Income Taxes:

Deferred income taxes are provided to take into account the accumulated tax benefits resulting from timing differences in reporting income and deductions for financial statement purposes and income tax return purposes.

(j) Earnings per share:

Primary earnings per share are calculated based upon the weighted average number of common and common equivalent shares (shares issuable upon the exercise of stock options) outstanding during the period.

3. Marketable Securities:

Marketable securities consists of the following

	May 31, 1992	August 31, 1991
	($000's)	
Marketable equity securities	$ 768	$ 680
Less: valuation allowance	64	128
Marketable equity securities, at market	$ 704	552
Money market funds and commercial paper	200	5,550
Bonds and municipal revenue notes	6,431	1,680
U.S. Government Securities	200	200
Total	$ 7,535	$ 7,982

4. Accounts Receivable, Net:

Accounts receivable have been reduced by allowances for doubtful accounts in order to reduce accounts receivable to amounts anticipated to be collected as follows:

	May 31, 1992	August 31, 1991
	(000's)	
Accounts receivable	$3,313	$2,609
Allowance for doubtful accounts	143	143
Accounts receivable, net	$3,170	$2,466

5. Inventories:

Inventories consist of the following:

	May 31, 1992	August 31, 1991
	(000's)	
Raw materials	$539	$ 767
Work-in-process	679	907
On consignment	128	264
Finished Goods	96	--
Total	$1,442	$1,938

6. The following table sets forth the changes in the Company's $.01 par value of common stock during the quarter.

	Common Stock		Paid in Capital
	Shares	Amount	Amount
		(000's)	
Issued August 31, 1991	2,827,484	$28	$9,624
Exercise of Stock Options	6,900	1	54
Issued May 31, 1992	2,836,834	$29	$9,678

MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS:

A summary of the period to period changes in principal items included in the Statement of Operations is shown in Schedule I and II (pages 12 and 13).

Sales increased by 21% for the first nine months of fiscal 1992 compared to the same period of fiscal 1991. Sales for the third quarter of fiscal 1992 increased by 19% compared to third quarter of fiscal 1991. SuperCard sales increased by 64% and 76% for both the nine and three month periods over the same period of the prior fiscal year. SuperCard products have continued to increase its customer base in the VMEbus market with increase from government primarily in military application. SuperCard products and MAP-4000, the next largest product, accounted for 59% and 17% of total sales for the nine month period. MasterScan accounted for 6% of total sales for the nine month period. SuperCard and MAP-4000 accounted for 64% and 11% of total sales for the third quarter.

North American sales continue to increase, and during the nine and three month period increased by 16% and 12% over the prior year. International sales increased 37% and 42% for the nine and three month periods of fiscal 1992 as compared to the prior year.

Cost of sales as a percentage of sales decreased by 1.3% of sales and 2.2% of sales to 36% and 33.9% for the nine and three month period ended May 31, 1992 as a result of continued decrease in the cost of materials for SuperCard products.

Engineering and development expenditures increased by 3% for the nine month period of the current fiscal year compared to the prior year. The primary reason for the increase in expense was the addition of new personnel in the Scanalytics division. Engineering and development expenses for the quarter ended May 31, 1992 decreased by 2% compared to the prior year due to the transfer of expenses to cost of sales for a special one-time project for a customer of our RTS-860 product. The vector processor division expenses were approximately the same as fiscal 1991 with the same staffing levels.

Sales and marketing expenses increased by approximately 10% and 5% for the nine and three month periods over the prior fiscal year. Approximately 35% of the increase in expense was for sales and marketing personnel, promotional materials, advertising and other sales materials for the MasterScan and CELLscan products. The Company's vector processor sales efforts are continuing toward OEM-volume sales which reflects in large part the decreasing price of the Company's products. The Company continues to focus its vector processor sales efforts on opportunities for large sales and on obtaining continuing business from OEM customers. The Company has moved its office in San Deigo, California, to a larger facility and added personnel to handle the increased business in the Far Western section of the United States.

General and administrative expenses increased 26% and 36% over the same period of the prior fiscal year. The primary reason for increase in expenditures as noted last quarter was due to the addition of the our new President and Chief Executive Officer, David Botten, in October, 1991. Cost of the Supplemental Retirement Program was also increased based on the actuarial calculation for the current fiscal year represented about 15% of the total increase. Increase in the Company executive bonus plan which is based on sales and profitability, accounted for approximately 20% of the increase due to increased sales and profitability.

Investment income decreased by approximately 29% and 32% for the nine and three month periods compared to the corresponding period of the prior fiscal year. The decrease was due primarily to the current decline in interest and dividend rates in the investment markets and increased purchase of tax exempt investments, which also accounts for the lower investment income.

The Company's investment strategy involves maintaining a short-term, liquid position while maximizing revenues on an after-tax basis with limited exposure of principle as possible. The Company believes that as result of maintaining a liquid position, it has been able to avoid borrowing for capital needs, it has also been able to augment its operating results and is well positioned to make acquisitions or joint ventures if appropriate opportunities arise.

MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS: (Continued)

The Company's effective tax rate has been reduced from the statutory rate due to benefit from tax-exempt investment income, benefit from the foreign sales corporation and research and development credits.

Financial Position, Capital Resources and Liquidity:

The Company's already strong financial position continued to improve in the first nine months of fiscal 1992. Working capital increased to $19.2 million on May 31, 1992 compared to $17.9 million at year-end in fiscal 1991. The increase in accounts receivable at May 31, 1992 was due to the increased sales volume and not extension in payments from our customers. The Company has made a noted effort to reduce its inventory while increasing sales. This has been accomplished through improving our inventory control and manufacturing system.

Management believes that all the Company's current and foreseeable needs can be met through working capital generated by operations and investments.

Inflation and Changing Prices:

Management does not believe that inflation and changing prices had significant impact on sales, revenues or income from continuing operations during fiscal 1992. There is no assurance, however, that the Company's business will not be materially and adversely affected by inflation and changing prices in the future.

Schedule I
($000's)

CSP INC. AND SUBSIDIARIES
Percentage of Sales

	[-Three months ended -] May 31, 1992	%	1991	%	[--- Nine months ended --] May 31, 1992	%	1991	%
Sales	$4,084	100.0%	$3,440	100.0%	$11,854	100.0%	$9,810	100.0
Costs and Expenses, net:								
Cost of sales	1,383	33.9%	1,242	36.1%	4,265	36.0%	3,658	37.3
Engineering and development	748	18.3%	752	21.9%	2,224	18.8%	2,144	21.9
Marketing and sales	967	23.7%	923	26.8%	2,735	23.1%	2,491	25.4
General and administrative	535	13.1%	394	11.5%	1,499	12.6%	1,190	12.1
Total costs and expenses, net	3,633	89.0%	3,311	96.3%	10,723	90.5%	9,483	96.7
Operating profit	451	11.0%	129	3.8%	1,131	9.5%	327	3.3
Dividends and interest income	135	3.3%	199	5.8%	460	3.9%	644	6.6
Net realized and unrealized gain (losses)on marketable securities	12	0.3%	28	0.8%	68	0.6%	54	0.6
Interest expense	(7)	-0.2%	(5)	-0.1%	(19)	-0.2%	(13)	-0.1
Foreign exchange adjustment	(10)	-0.2%	1	0.0%	-6	-0.1%	8	0.1
Income before taxes	581	14.2%	352	10.2%	1,634	13.8%	1,020	10.4
Provision for income taxes	145	3.6%	104	3.0%	501	4.2%	320	3.3
Net income	$436	10.7%	$248	7.2%	$1,133	9.6%	$700	7.1

CSP INC.AND SUBSIDIARIES Schedule II
Period to period dollar and percentage change ($000's)

	Three months ended May 31, 1992 Compared to May 31, 1991		Nine months ended May 31, 1992 Compared to May 31, 1991	
Sales	$644	18.72%	$2,044	20.84%
Costs and expenses,net				
Cost of sales	152	12.35%	618	16.95%
Engineering and development	(15)	-1.97%	69	3.20%
Marketing and sales	44	4.77%	244	9.80%
General and administrative	141	35.79%	309	25.97%
Total operating expenses	322	11.72%	1,240	14.81%
Operating income	322	249.61%	804	245.87%
Dividends and interest income	(64)	-32.16%	(184)	-28.57%
Interest expense	2	40.00%	6	46.15%
Net unrealized and realized gains (losses) on marketable securities	(16)	-57.14%	14	25.93%
Foreign exchange adjustment	11	1100.00%	(14)	-175.00%
Income before taxes	229	65.06%	614	60.20%
Provision for income taxes	41	39.42%	181	56.56%
Net income	$188	75.81%	$433	61.86%

PART II. OTHER INFORMATION·

Item 4. Submissions of Matters to a vote of Security Holders
None

Item 6. Exhibit and Reports on Form 8-K

a) Reports on Forms 8-K

NONE

b) Exhibits

11.1 Data used in the calculation of net income per share.

CSP INC. AND SUBSIDIARIES Exhibit-11.1

Data used in the of Calculation Net Income per share

	Three months ended May 31		Nine months ended May 31	
	1992	1991	1992	1991
Primary:				
Average shares of common stock outstanding	2,677,166	2,672,061	2,675,886	2,675,929
Average issued and unexercised stock options	79,249	22,806	72,138	8,349
Total	2,756,415	2,694,867	2,748,024	2,684,278
Fully-diluted:				
Primary shares (see above)	2,756,415	2,694,867	2,748,024	2,684,278
Total	2,756,415	2,694,867	2,748,024	2,684,278
($000 omitted)				
Net income	$436	$248	$1,133	$700

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CSP INC.
(Registrant)

Date: June 29, 1992

By:
David S. Botten
Chief Executive Officer and President

Date: June 29, 1992

By:
Gary W. Levine
Vice President of Finance and Chief Financial Officer

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Form 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended	Commission File Number
March 31, 1992	033-25463-1

EDGEMARK VOTING TRUST
(Exact name of registrant as specified in its charter)

Delaware	36-3059511
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Merchandise Mart Plaza, Suite 2400, Chicago, Illinois	60654
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code...(312) 836-8000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date:

Class	Outstanding at May 01, 1992
Common Stock, $1.00 par value	1,448,939

Approximately 61.10% of the outstanding shares of the issuer's Common Stock are held of record by the EdgeMark Voting Trust (the "Trust"). The seven trustees of the Trust also serve as directors of the issuer. The Trustees exercise all voting rights with respect to the shares. The Trust does not conduct any operations, other than holding the Common Stock, and will terminate on December 31, 1992.

This filing contains 12 pages.

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ITEM 1. Financial Statements

EDGEMARK FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1992 (unaudited)	DECEMBER 31, 1991
Assets		
Cash and Due from Banks	$ 28,410,283	$ 30,153,387
Federal Funds Sold	8,640,000	4,495,000
Cash and Cash Equivalents	37,050,283	34,648,387
Investment Securities (market value at 1992-$98,687,186; 1991-$123,467,737)	97,442,330	119,522,336
Loans	349,692,183	341,304,099
Less: Unearned Income	(11,980,000)	(12,097,640)
Allowance for Loan Losses	(4,552,165)	(4,446,093)
Net Loans	333,160,018	324,760,366
Premises and Equipment, Net	13,623,082	13,732,631
Interest Receivable and Other Assets	6,644,980	6,729,388
Cost in Excess of the Fair Value of Net Assets Acquired (Net of accumulated amortization in 1992-$2,573,387; 1991-$2,373,995)	17,350,585	17,550,017
Total Assets	$505,271,278	$516,943,125
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand	$ 87,175,724	$ 85,431,318
Savings, NOW and Money Market Accounts	180,834,033	182,389,206
Time Deposits	178,752,250	189,168,061
Total Deposits	446,762,007	456,988,585
Federal Funds Purchased and Securities Sold under Agreements to Repurchase		2,750,000
Accrued Expenses and Other Liabilities	4,480,128	4,075,614
Other Short-Term Funds Borrowed	11,500,000	11,500,000
Total Liabilities	462,742,135	475,314,199
Commitments and Contingent Liabilities		
STOCKHOLDERS' EQUITY		
Preferred Stock-authorized 200,000 shares of no par value, 80,000 shares of Series A Preferred Stock ($100 stated value) issued and outstanding	7,670,525	7,646,595
Common Stock-authorized 3,000,000 shares of $1.00 par value, shares issued 1,576,872	1,576,872	1,576,872
Surplus	25,614,966	25,614,966
Retained Earnings	8,786,177	7,909,890
Less: Treasury Stock at Cost(shares in 1992-127,933; 1991-127,933)	(1,119,397)	(1,119,397)
Total Stockholders' Equity	42,529,143	41,628,926
Total Liabilities and Stockholders' Equity	$505,271,278	$516,943,125

See Accompanying Notes to Consolidated Financial Statements.

EDGEMARK FINANCIAL CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED EARNINGS
(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31,	1992	1991
INTEREST INCOME		
Loans, Including Fees	$7,778,506	$ 7,788,518
Federal Funds Sold	170,600	224,847
Investment Securities:		
Taxable	1,355,574	1,536,608
Exempt from Federal Income Tax	414,782	585,182
Total Interest Income	9,719,462	10,135,155
INTEREST EXPENSE		
Deposits	4,079,687	5,040,773
Federal Funds Purchased and Repurchase Agreements	30,894	48,175
Other Short-Term Funds Borrowed	188,951	
Long-Term Debt		308,181
Total Interest Expense	4,299,532	5,397,129
Net Interest Income	5,419,930	4,738,026
Provision for Loan Losses	387,750	190,501
Net Interest Income After Provision for Loan Losses	5,032,180	4,547,525
OTHER INCOME		
Service Charges on Deposit Accounts	629,643	384,196
Net Securities Gains	211,514	17,781
Mortgage Brokerage Fees	759,265	
Other	276,759	392,663
Total Other Income	1,877,181	794,640
OTHER EXPENSE		
Salaries and Employee Benefits	2,640,532	2,041,721
Net Occupancy Expense	650,636	556,353
Furniture and Equipment	344,842	318,270
Data Processing	342,185	336,680
Marketing	86,795	78,748
Stationery and Supplies	98,989	107,636
Insurance	327,301	243,766
Directors' Fees	87,565	97,703
Legal	81,931	78,887
Mail and Courier	126,991	107,947
Amortization of Cost in Excess of the Fair Value of Net Assets Acquired	199,432	189,411
Other	580,442	479,964
Total Other Expense	5,567,641	4,637,086
Income Before Income Taxes	1,341,720	705,079
Applicable Income Taxes	271,503	116,954
Net Income	$1,070,217	$ 588,125
Net Income Applicable to Common Stock	$ 876,287	$ 379,028
Net Income Per Common and Common Equivalent Share	$0.60	$0.26
Weighted Average Common and Common Equivalent Shares Outstanding	1,454,063	1,459,803

See Accompanying Notes to Consolidated Financial Statements.

EDGEMARK FINANCIAL CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31,	1992	1991
Cash Flows from Operating Activities:		
Net Income	$ 1,070,217	$ 588,125
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Provision for Loan Losses	387,750	190,501
Amortization of Cost in Excess of the Fair Value of Net Assets Acquired	199,432	189,411
Depreciation, Amortization and Accretion	667,051	236,389
Net Securities Gains	(211,514)	(17,781)
Mortgage Loans Originated	(34,793,791)	
Mortgage Loans Sold	32,740,607	
Deferred Income Tax Benefit	(98,322)	(46,312)
Decrease (Increase) in Interest Receivable and Other Assets	182,730	(1,108,596)
Increase in Accrued Expenses and Other Liabilities	404,516	109,707
Net Cash from Operating Activities	548,676	141,444
Cash Flows from Investing Activities:		
Purchase of Investment Securities	(17,367,656)	(33,345,530)
Proceeds from Maturities of Investment Securities	24,561,628	20,672,698
Proceeds from Sales of Investment Securities	14,932,118	18,711
Net (Increase) in Loans	(6,636,105)	(1,572,369)
Purchase of Premises and Equipment, Net	(509,111)	(368,689)
Net Cash from Investing Activities	14,980,874	14,595,179
Cash Flows from Financing Activities:		
Net Increase in Deposits	(10,207,652)	2,841,480
Net Increase (Decrease) in Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	(2,750,000)	505,000
Proceeds from Issuance of Other Short-Term Borrowings	11,500,000	9,400,000
Repayment of Other Short-Term Borrowings	(11,500,000)	
Repayment of Long-Term Debt		(9,400,000)
Net Proceeds from Exercise of Options and Sale of Treasury Stock		5,280
Preferred Stock Dividends Paid	(170,000)	(190,399)
Net Cash from Financing Activities	(13,127,652)	3,161,361
Net Increase (Decrease) in Cash and Cash Equivalents	2,401,896	(11,292,375)
Cash and Cash Equivalents, January 1	34,648,387	50,450,022
Cash and Cash Equivalents, March 31	$ 37,050,283	$39,157,647

See Accompanying Notes to Consolidated Financial Statements.

EDGEMARK FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. The consolidated financial statements include the accounts of EdgeMark Financial Corporation and its subsidiaries ("the Corporation"). The financial statements have been prepared in conformity with generally accepted accounting principles and reporting practices. In the opinion of management, all adjustments (none of which were other than normal recurring adjustments) necessary for fair presentation of the financial position and the results of operations and cash flows for the interim periods have been made. The results of operations for the three months ended March 31, 1992 are not necessarily indicative of the result to be expected for the entire fiscal year. Prior year financial statements are reclassified to conform with any changes in current period financial statement presentation.

Certain information in footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission, although the Corporation believes the disclosures are adequate to make the information not misleading. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's 1991 Annual Report.

2. EdgeMark Financial Corporation, a Delaware corporation, is a multi-bank holding company, which operates Merchandise National Bank, Chicago, Illinois; Edgewood Bank, Countryside and Woodridge, Illinois; EdgeMark Bank Lombard, Lombard, Illinois; First National Bank of Lockport, Lockport, Illinois and EdgeMark Bank Rosemont, Rosemont, Illinois.

3. Net income per share amounts are computed by dividing net income, reduced by Preferred Stock dividends and discount accretion, by the weighted average number of common and common equivalent shares for each period presented. Common equivalent shares include dilutive Common Stock options.

4. Recorded income taxes represent effective rates of 20.24% and 16.59% for the three-month periods ended March 31, 1992 and 1991, respectively. The effective rates differ from the 34.00% statutory Federal income tax rates primarily due to investments in certain tax-exempt investments.

5. Payment of dividends by the Corporation is subject to various limitations by the Federal Reserve Board. The ability of the Corporation to declare or pay common dividends is also restricted by terms of the Corporation's $11,500,000 short-term note agreement (see note 6), in the event of default thereunder, and the Series A Preferred Stock dividend preference. At March 31, 1992, all of the Corporation's retained earnings were restricted.

6. On March 31, 1992, the $7,900,000 and the $3,600,000 short-term senior notes matured. This debt was renewed as one note for $11,500,000 and under substantially the same terms and conditions as the previous notes. The new short-term senior note will mature on March 31, 1993.

7. Effective April 1, 1991, the Corporation formed a mortgage brokerage division. The sole purpose of its operating activities is to generate loans and sell them in the secondary market. No results from this operation were recorded during the first quarter of 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information about the financial condition of the Corporation at March 31, 1992 and the results of its operations for the three-month periods ended March 31, 1992 and 1991. This discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements. Ratios for the interim periods are stated on an annualized basis and are not necessarily indicative of ratios which may be expected for the entire year.

ANALYSIS OF THE STATEMENTS OF EARNINGS

The following summarizes the components of net income as a percentage of average assets for the three-month periods ended March 31, 1992 and 1991:

	THREE MONTHS 1992	THREE MONTHS 1991
Net Interest Income	1.05%	0.99%
Provision for Loan Losses	(0.08)	(0.04)
Other Income	0.37	0.16
Other Expense	(1.08)	(0.96)
Income Before Income Taxes	0.26	0.15
Applicable Income Taxes	0.05	0.03
Net Income	0.21%	0.12%

Net Interest Income

Net interest income is defined as the difference between interest income plus fees on loans and interest expense on deposits and borrowed funds. Net interest income is the primary source of earnings and is dependent on the levels of and rates on average earning assets and interest-bearing liabilities. Net interest income during the first quarter of 1992 was $5,419,930 compared to $4,738,026 for the comparable period in 1991, for an increase of $681,904 or 14.39%. The increase was primarily attributable to a .25% increase in net interest margin in conjunction with an approximate $4,782,000 increase in net earning assets.

The net yield on average earning assets was 4.78% for the first quarter of 1992 and 4.53% for the comparable period in 1991. Yield improvement is a result of shifting certain assets along with newly acquired assets to investments with higher returns, coupled by the repricing of customer interest bearing deposit accounts.

Provision and Allowance for Loan Losses

The provision for loan losses during the first quarter in 1992 amounted to $387,750, compared to a provision of $190,501 in 1991. Net charge-offs for the first quarter totalled $281,678 compared to net charge-offs of $336,262 for the first quarter in 1991.

At March 31, 1992, the ratio of non-performing loans to net loans was 1.90% compared to 1.37% at December 31, 1991. The increase of .53% is primarily due to one loan to an insider for $1,250,000, which became past due 90 days as of March 31, 1992.

The allowance for loan losses at March 31, 1992 was $4,552,165 or 1.35% of net loans, compared with $4,446,093 or 1.35% of net loans at December 1, 1991. Management believes that the allowance at March 31, 1992 is adequate in relation to the present and potential credit risks in the loan portfolio.

Other Income

Other income, which includes service charges on deposit accounts, net security gains and other fees and charges, increased $1,082,541 or 136.23% in the first quarter of 1992 in comparison to other income in the first quarter of 1991.

Of this increase, $193,733 was the result of an increase in security gains. For the first quarter of 1992, gross realized gains were $283,412 and gross realized losses were $71,898. Additionally, other income increased due to the start-up of the mortgage brokerage division in 1991. During the first quarter of 1992, mortgage brokerage activities earned $759,265 in loan origination fees in conjunction with the generation of mortgage loans sold in the secondary market. No brokerage fees were earned during the first quarter of 1991.

Other Expense

Other expense includes the major categories of salaries and employee benefits, net occupancy expense, furniture and equipment expense, and other expenses associated with day-to-day operations. Other expense during the first quarter of 1992 increased $930,555 or 20.07% compared to the same period in 1991.

The overall increase is primarily due to the combination of increases in salary and employee benefits, insurance and other expenses. Salary and employee benefits increased approximately $599,000 or 29.33%, due mainly to normal merit raise increases, coupled with $503,000 in salaries associated with the mortgage brokerage division. Insurance expense increased approximately $83,535 or 34.27%, of which $64,500 pertains to the substantial rate assessment increase imposed by the Federal Deposit Insurance Corporation which became effective at the beginning of 1991. Other expense increased approximately $100,000 or 20.93%. Of this increase, approximately $165,500 was attributed to mortgage brokerage operating costs offset by a decrease in other miscellaneous expenses of $65,000, as continual efforts are being made to manage controllable expenses.

Income Taxes

Recorded income taxes of $271,503 in the first quarter of 1992 and $116,954 in the first quarter of 1991 represent effective tax rates of 20.24% and 16.59%, respectively.

The effective rates differ from the 34% statutory Federal income tax rates primarily due to investments in certain tax-exempt investment securities. In connection with the purchase of Merchandise National Bank of Chicago ("Merchandise"), the Corporation has available for Federal tax purposes a net operating loss carryforward and investment tax credits. This carryforward and tax credits are available to offset future taxable income attributable to Merchandise. For financial reporting purposes, any such benefit realized is treated as a reduction of the unamortized balance of cost in excess of the fair value of net assets acquired in the Merchandise acquisition. No such benefits were realized during the first quarter ended March 31, 1992 and 1991.

In December 1987, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes", ("SFAS No. 96"), which adopts the liability method of comprehensive inter-period tax accounting and requires among other things, provision for deferred income taxes at the statutory rates (including the effects of giving consideration to alternative taxing systems) in effect for the period in which the taxes will become payable rather than at the rate in effect for the current period. Additionally, accumulated deferred taxes, recorded at historical rates on the balance sheet, must be adjusted for the expected taxes owed or refundable. The SFAS No. 96 was recently superseded by SFAS No. 109, "Accounting for Income Taxes", which provides for a more simplified calculation method and defers the effective date to fiscal years beginning after December 15, 1992. The Corporation's management is reviewing SFAS No. 109 and the proposed changes to determine the impact that the adoption will have on the financial statement. The Corporation expects to adopt the statement January 1, 1993. The impact of adoption is unknown at this time.

ANALYSIS OF THE BALANCE SHEET

Assets

Total assets at March 31, 1992 were approximately $505 million, a decrease of approximately $12 million or 2.26% compared to year-end 1991.

Investment securities decreased $22.1 million which was offset by a increase in cash and cash equivalents of $2.4 million from December 31, 1991 to March 31, 1992. Additionally, net loans increased $8.4 million and other assets grew modestly by approximately $.4 million when comparing balances at December 1991 with March 31, 1992. The majority of the investment securities decrease was caused by the decrease in liabilities, mainly in deposits. At March 31, 1992, investment securities had gross unrealized securities gains and losses of $2,025,791 and $780,935, respectively.

Liabilities

Total deposits decreased by $10.2 million from December 31, 1991 to March 31, 1992. Overall, non-interest bearing deposits remained stable, showing slight growth of $1.7 million, which was offset by a decrease of $1.6 million in savings, NOW and money market accounts. The majority of the deposit decrease was concentrated in interest-bearing time deposits. The decrease of $10.4 million was primarily due to time deposits originated through a special promotion in the later summer months of 1991, matured and were not renewed. The overall liability decrease also included a $2.8 million decline in federal funds sold and securities sold under agreement to repurchase. This decrease was caused by a repurchase agreement price restructuring decision made by management.

Interest Rate Sensitivity

Interest rate sensitivity is related to liquidity and addresses the individual bank's ability to reprice earning assets to correspond with changes in interest rates paid on deposits or other debt. The Corporation manages the repricing of earning assets relative to the pricing of supporting liabilities in the light of the interest rate outlook, within an acceptable level of risk, to enhance earning opportunities. The Corporation's six-month cumulative ratio of rate sensitive assets to rate sensitive liabilities at March 31, 1992, was approximately 94.95%. This particular ratio indicates that in a rising interest rate environment, there will be a slight negative impact on current earnings. The following table illustrates the Corporation's cumulative interest rate sensitivity structure:

(in thousands)

March 31, 1992	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year
Total Rate Sensitive Assets	$150,258	$160,477	$184,442	$213,380
Total Rate Sensitive Liabilities	100,210	135,967	194,242	213,945
Cumulative Gap	50,048	24,510	(9,800)	(565)
Cumulative Ratio (%)	149.94%	118.03%	94.95%	99.74%

Liquidity

Liquidity management involves the ability to meet the funds flow requirements of customers. The Corporation's liquidity is maintained by the maturity structure of loans, investment securities, and cash and deposits with banks, as well as in Federal funds. The Corporation does not rely on brokered deposits as sources of liquidity.

At March 31, 1992, the Corporation's liquidity, as measured by Federal funds sold net of Federal funds purchased and repurchase agreements, cash and due from banks, and investment securities with maturities of one year or less, totalled approximately $63,291,529 or 14.17% of total deposits.

Capital

At March 31, 1992, Stockholders' Equity totalled $42,529,143, up $900,217 from December 31, 1991. The growth in equity reflects net income of $1,070,217 and the payment of $170,000 in Preferred Stock dividends.

The risk-based capital guidelines consider both balance sheet and off-balance sheet credit risk, while the capital leverage ratio is an ongoing tool to monitor capital in relation to total average assets.

The Corporation's Tier 1 and total risk-based capital ratios, as well as its capital leverage ratio, exceed the current regulatory minimums. In addition, the Corporation has achieved risk-based capital ratios that meet the more stringent risk-based capital guidelines to be imposed by the end of 1992. The Corporation intends to continue to build its capital resources in the coming year through internal capital generation and balance sheet management.

The following table represents various measures of capital at:

	March 31, 1992		December 31, 1991	
Risk-Based Capital:	AMOUNT	RATIO	AMOUNT	RATIO
Tier 1 Capital	$25,178,558	7.16%	$24,078,909	7.26%
Total Risk-Based Capital	29,730,722	8.46	28,415,457	8.57
Leverage	25,178,558	4.89	24,078,909	4.52

Tier 1 Capital - Stockholders' Equity minus the cost in excess of the fair value of net assets acquired divided by risk-adjusted assets as defined in the guidelines.

Total Risk-Based Capital - Tier 1 capital plus the allowance for loan losses and the equity commitment note divided by risk-adjusted assets.

Leverage - Tier 1 under the 1992 guideline to quarterly average assets.

Presently, the Corporation does not have any material commitments for capital expenditures.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Refer to Exhibit (11) at the end of the report.

(b) There were no reports on Form 8-K filed by the registrant during the quarter ending March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EDGEMARK VOTING TRUST
(Registrant)

Date: May 12, 1992

By: C.A. Bruning
Charles A. Bruning
President and CEO
(DULY AUTHORIZED OFFICER)

Date: May 12, 1992

By: Charles Lanzrath
Charles L. Lanzrath
Vice President-Controller

EXHIBIT (11)

EDGEMARK FINANCIAL CORPORATION AND SUBSIDIARIES
CALCULATION OF EARNINGS PER SHARE
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	1992	1991
Weighted Average Number of Common Shares Outstanding	1,448,939	1,448,939
Dilutive Effect of Stock Options	5,124	10,864
Weighted Average Common and Common Equivalent Shares Outstanding	1,454,063	1,459,803
Net Income Applicable to Common Stock	$876,288	$379,028
Earnings per Common and Common Equivalent Share	$0.60	$0.26

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 **Commission File Number 0-8944**

ELECTRONIC PUBLISHING TECHNOLOGY CORPORATION

(Exact name of registrant as specified in its charter)

Colorado	**95-4182613***
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

***Formerly 93-0716404 (as Five Star Energy Corporation)**

11222 La Cienega Boulevard, Suite 567 **Inglewood, California**	**90304**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone, including area code:
(213) 641-4904

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

_X_ Yes __No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

_X_ Yes __No

The registrant had 15,439,371 shares of its no par value common stock issued and to be issued as of April 30, 1992 (including 1,219,200 held in treasury).

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DOCUMENTS INCORPORATED BY REFERENCE: None

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ELECTRONIC PUBLISHING TECHNOLOGY CORPORATION
Consolidated Statement of Financial Position

ASSETS	March 31, 1992 (Unaudited)	June 30, 1991 (Unaudited)
Current Assets:		
Cash In Bank	$ 1,576	$ 9,199
Receivables (Net)	83,215	122,539
Prepaid Expenses	4,365	—
Inventory	40,924	42,827
Total Current Assets	130,080	174,565
Fixed Assets:		
Equipment, Furn. & Fixtures	204,345	203,274
Less: Accumulated Depreciation	184,125	178,545
Total Fixed Assets	20,220	24,729
Other Assets:		
Acquired Technology	—	—
Deposits	3,155	3,355
Oil & Gas Properties	—	—
Total Other Assets	3,155	3,355
Total Assets	$ 153,455	$ 202,649
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 137,177	$ 125,533
Loans Payable	21,470	10,785
Current Portion - LTD	72,204	72,204
Taxes Payable	40,753	5,203
Total Current Liabilities	271,604	213,725
Long-Term Debt:		
Notes Payable and Deferred Compensation	558,235	538,179
Other Long-Term Debt (Net)	10,615	124,032
Total Long-term Debt	568,850	662,211
Reserve for Contingency (Note 3)	20,000	—
Unearned Income	25,000	25,000
Stockholders' Equity:		
Common Stock, No Par Value, Authorized 50 Million Shares Issued and to be Issued - 15,439,371 Shares	2,162,228	2,162,228
Less: Treasury Stock	(853,333)	(853,333)
Deficit - Commencing July 1, 1988	(2,040,894)	(2,007,182)
Total Stockholders' Equity (Deficit)	(731,999)	(698,287)
Total Liabilities & Stockholders' Equity	$ 153,455	$ 202,649

See accompanying notes to consolidated unaudited financial statements.

ELECTRONIC PUBLISHING TECHNOLOGY CORPORATION
Consolidated Statement of Operations

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	1992 (Unaudited)	1991 (Unaudited)	1992 (Unaudited)	1991 (Unaudited)
Sales Revenue	$ 212,544	$ 201,151	$655,827	$ 658,477
Cost of Sales	70,493	96,642	243,686	246,387
Gross Profit	142,051	104,509	412,141	412,090
Operating Costs and Expenses:				
Operating Expenses	132,439	126,778	367,150	350,515
Selling, General and Administrative Expenses	49,991	15,134	91,767	52,983
Depreciation	1,860	1,418	5,580	3,909
Interest Costs	18,094	(45,963)	43,056	(5,877)
Total Costs and Expenses	202,384	97,367	507,553	401,530
Net Income (Loss) From Operations	(60,333)	7,142	(95,412)	10,560
Non-Operating Income (Expenses)	62,500	—	62,500	80,000
Net Income (Loss) Before Taxes	2,167	7,142	(32,912)	90,560
Provision for Federal and State Income Taxes:				
Provision for Income Taxes	—	—	800	24,599
Less Credits for Net Operating Loss Carryforwards	—	—	800	23,999
Net Provision for Income Taxes	—	—	800	600
Net Income (Loss) for the Period	$ 2,167	$ 7,142	$ (33,712)	$ 89,960
Net Earnings (Loss) per share of Common Stock (Note 2)	$0.0002	$0.0006	$(0.0002)	$0.007
Weighted Average number of shares of Common Stock Issued and to be Issued (less Treasury Stock)	14,220,171	12,764,138	14,220,171	12,764,138

See accompanying notes to consolidated unaudited financial statements.

ELECTRONIC PUBLISHING TECHNOLOGY CORPORATION
Consolidated Statement of Cash Flows

	For the Nine Months Ended	
	March 31,1992 (Unaudited)	March 31,1991 (Unaudited)
Cash Flows From Operating Activities:		
Net Income (Loss)	$ (33,712)	$ 89,960
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and Amortization	5,580	3909
Changes in Assets:		
Receivables	39,324	(19,738)
Inventory	1,903	857
Accounts Payable and Accrued Expenses	11,644	(89,325)
Loans/Notes Payable	10,685	(5,523)
Current Portion of Long-Term-Debt	—	(344,700)
Taxes Payable	35,550	3,643
Unearned Income	—	25,000
Contingency Reserve	20,000	—
Prepaid Expenses	(4,365)	—
Deposits	200	—
Notes Receivable	—	(12,610)
Net Cash Provided By (Used In) Operating Activities	86,629	(348,527)
Cash Flows From Investing Activities:		
Additions to Property and Equipment	(1,071)	(6,899)
Net Cash Provided By (Used In) Investing Activities	(1,071)	(6,899)
Cash Flows From Financing Activities:		
Short Term Bank Borrowings	—	—
Repurchase of Capital Stock	—	—
Increase (Decrease) in Long-Term Debt	(93,361)	358,254
Net Cash Provided By (Used In) Financing Activities	(93,361	358,254
Net Increase (Decrease) in Cash	(7,623)	2,828
Cash at beginning of year	9,199	2,036
Cash at end of period	$ 1,576	$ 4,864

See accompanying notes to consolidated unaudited financial statements.

ELECTRONIC PUBLISHING TECHNOLOGY CORPORATION
Notes To Consolidated Unaudited Financial Statements
March 31, 1992

1. **Comments**

In the opinion of the management of the Company, the accompanying consolidated unaudited financial statements contain all adjustments, consisting of only normal recurring accruals, necessary to present fairly the financial position as of March 31, 1992, and the results of operations for the three months and nine months ended March 31, 1992 and 1991, and the changes in financial position (cash flows) for the nine months ended March 31, 1992 and 1991. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the financial statements and footnotes thereto included in the the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1991.

2. **Net Income (Loss) Per Share**

Net income (loss) per share is calculated using the weighted average number of shares of common stock issued and to be issued, less common stock held in treasury. Common stock equivalents are not considered in the calculation of net loss per share as their effect is antidilutive.

3. **Reserve for Contingency**

The Company was engaged in a dispute with Xerox Corporation concerning the faulty operation of Xerox duplication equipment which was installed in the Company's offices in February of 1990 and which was removed, at the request of the Company, in May of 1991. The faulty operation of the Xerox equipment caused the Company to incur substantial losses and damages, a portion of which was fully documented in a letter to Xerox dated January 4, 1991. The company attempted to resolve this dispute amicably and offered several possible settlements/solutions, all of which were ultimately rejected by Xerox. As a result Xerox claimed that the Company owed it $68,569.98 in past due invoices and made a final demand for payment on June 26, 1991. The Company contends that this amount is not owed because it is inaccurate and the Company's losses/damages are far in excess of that amount. In response to Xerox's demand, the Company sent Xerox a letter on July 19, 1991 in which it offered to limit its claim for damages to the amounts allegedly owed to Xerox and would not pursue any legal redress of its claim if Xerox would also agree to cancel its invoices and not pursue any further action. As of the date of this report, Xerox has not responded to the Company's offer and has made no further attempt to contact the Company. The Reserve for Contingency was set up in the event that legal action should become necessary in the future.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three Months and Nine Months ended March 31, 1992:

Results Of Operations

Net sales for the three months ended March 31, 1992 (third quarter) were $212,544, an increase of $11,393 or 5.7% over the same three month period in 1991. Net sales for the nine months ended March 31, 1992 were $655,827, a decrease of $2,650 or 0.4% over the same nine month period in 1991. Gross profit for the third quarter was $142,051, an increase of $37,542 or 35.9% over the same period in 1991. Gross profit for the nine months ended March 31, 1992 was $412,141, a nominal increase of $51 over the same period in 1991. Net loss from operations for the third quarter, before non-operating income (expenses) and taxes, was $60,333 vs. a profit of $7,142 in 1991. The major factors contributing to the loss were an increase in selling, general and administrative expenses of $34,857, of which $30,265 was attributable to bad debt writeoffs during the period, and interest costs of $18,094 vs. a credit of $45,963 during the same period in 1991. Net loss from operations for the nine months ended March 31, 1992, before non-operating income (expenses) and taxes, was $95,412, due primarily to the same factors stated above, vs. a profit of $10,560 during the same period in 1991. Net income before taxes, for the three months ended March 31, 1992, was $2,167, a decrease of $4,975 from the same period in 1991. Net loss before taxes, for the nine months ended March 31, 1992, was $32,912, vs. a profit of $90,560 during the same period in 1991. The net provision for income taxes was $800, which represents the minimum California franchise tax which must be paid. Therefore the net income for the third quarter, after taxes, was $2,167 with a net loss of $33,712 for the nine months ended March 31, 1992.

Liquidity and Capital Resources

The Company is still in process of attempting to raise additional capital to alleviate its working capital deficiency and to allow for sales and business expansion, but there can be no assurance that it will be successful in this effort.

PART II. OTHER INFORMATION

Items 1 through 6 are not applicable to this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ELECTRONIC PUBLISHING TECHNOLOGY CORPORATION
(Registrant)

By: George R Haddad
George R. Haddad
President, Chief Executive Officer, and Chief Financial Officer

Date: April 30, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

9-9-X

For the Quarter Ended January 31, 1992

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[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

L30

For the transition period from __________ to __________.

Commission File Number 33-2034-NY

HARVEST CAPITAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	13-3337533
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification number)
1375 Broadway, 10th Floor New York, New York	10018
(Address of Principal Executive Office)	Zip Code

Registrant's Telephone Number, Including Area Code: (212) 819-1066

Indicate by a check mark whether the Registrant (l) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes: X No: ____

The number of shares outstanding of the registrant's Common Stock, par value $.0001 per share, as of February 1, 1992, was 89,999,999.

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Item I. Financial Statements

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Signature 9

HARVEST CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

ASSETS

	January 31, 1992	April 30, 1991
Current Assets		
Cash	$23,336	$34,256
Escrow deposit	-	13,400
Loan receivable	-	7,847
Interest receivable	-	314
Total Current Assets	23,336	55,817
Other assets		
Marketable equity securities, at cost	91,111	91,111
	$114,447	$146,928

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992	April 30, 1991
Current Liabilities		
Accrued expenses and taxes payable	$3,066	$11,205
Total Current Liabilities	3,066	11,205
Stockholders' Equity		
Preferred stock - $.0001 par value, authorized 5,000,000 shares; issued and outstanding - none	-	-
Common stock - $.0001 par value, authorized 300,000,000 shares; issued 88,999,999 at January 31, 1992 and at April 30, 1991	8,900	8,900
Additional paid-in capital	442,980	442,980
Retained earnings (Deficit)	(340,499)	(316,157)
Total Stockholders' Equity	111,381	135,723
	$114,447	$146,928

See accompanying notes to financial statements

HARVEST CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED JANUARY 31,		NINE MONTHS ENDED JANUARY 31,	
	1992	1991	1992	1991
Revenues:				
Interest	$178	$778	$736	$10,179
Costs and expenses:				
General and administrative	5,055	9,704	25,078	48,393
(Loss) from continuing operations before income taxes	(4,877)	(8,926)	(24,342)	(38,214)
Provision for income taxes	-	-	-	-
Net (loss) from continuing operations	(4,877)	(8,926)	(24,342)	(38,214)
Net income from discontinued operations	-	-	-	37,711
Income (loss on sale) of discontinued operations	-	-	-	(15,652)
Net Income from discontinued operations	-	-	-	22,059
Net Income (loss)	($4,877)	($8,926)	($24,342)	($16,155)
Net (loss) per share:				
Continuing operations	$ -	$ -	$ -	$ -
Discontinued operations	-	-	-	-
(Loss) on sale of discontinued operations	-	-	-	-
	$ -	$ -	$ -	$ -

HARVEST CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	NINE MONTHS ENDED JANUARY 31,	
	1992	1991
Cash Flows from Operating Activities		
Net (loss)	($24,342)	($16,155)
Adjustments to reconcile net (loss) to net cash used in operations		
Depreciation and amortization	-	1,215
Gain on sale of discontinued operations	-	15,653
Changes in operating assets and liabilities		
(Increase) in inventories	-	(7,404)
Decrease in interest receivable	314	6,658
Decrease in prepaid expenses and other current assets	21,247	11,969
(Decrease) in accounts payable, accrued expenses and taxes	(8,139)	(41,191)
(Decrease) in customers' deposits	-	(77,637)
Net Cash (Used In) Operating Activities	(10,920)	(106,892)
Cash Flows from Investing Activities		
(Purchase) of investment	-	(2,000)
Proceeds from sale of discontinued operations	-	37,100
Net Cash (Used In) Investing Activities	-	35,100
(Decrease) in cash	(10,920)	(71,792)
Cash - Beginning of period	34,256	123,830
Cash - End of period	$23,336	$52,038

See accompanying notes to financial statements

HARVEST CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1. The balance sheet as of January 31, 1992, the statement of operations for the three and nine month periods ended January 31, 1992 and 1991, and the statemont of cash flows for the three and nine month periods ended January 31, 1992 and 1991 have been prepared by the company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows, as of January 31, 1992 and for all periods presented, have been made. The results of operations are not necessarily indicative of the results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K for its fiscal year ended April 30, 1991 which was filed with the Securities and Exchange Commission.

HARVEST CAPITAL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Quarter ended January 31, 1992 as compared with quarter endeo January 31, 1991
Nine months ended January 31, 1992 as compared with nine months ended January 31, 1991

The Company sold its retail stores during its prior fiscal year. Since then it has been formalizing the discontinuance of these operations, and investigating other business activities. As a result, the Company has generated limited financial activity during its quarter and nine months ended January 31, 1992.

Liquidity and Capital Resources

The Company has limited capital resources, but has adequate financial resources to meet its limited capital committments. The Company also owns 278,222 shares of common stock in Jim Hjelm's Private Collection, Ltd., a public company. Insofar as these shares are unregistered, they have limited marketability at the present time.

PART II. OTHER INFORMATION

Item 6. Exhibits and reports on Form 8-K - None

SIGNATURE

Pursuant, to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HARVEST CAPITAL CORPORATION
Registrant

Dated: February 19, 1992

By
Joseph L. Murphy
President

0 20711
Q. 35406

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92061991

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

K 92-2247

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended January 31, 1992

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

RECD S.E.C.
MAR 6 1992
137

For the transition period from ____________ to ____________

Commission file number 0-5286

R 3/12

KEWAUNEE SCIENTIFIC CORPORATION /DE/
(Exact name of registrant as specified in its charter)

PROCESSED BY
13/13:M
MAR 12 1992

Delaware
(State or other jurisdiction of incorporation or organization)

38-0715562
(I.R.S. Employer Identification No.)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

2700 West Front Street
Statesville, North Carolina 28677
(Address of principal executive offices) (Zip Code)

L39

(704) 873-7202
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ______

As of February 29, 1992, the Registrant had outstanding 2,368,565 shares of Common Stock.

Pages: This report, including exhibits, contains 13 pages numbered sequentially from this cover page.

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KEWAUNEE SCIENTIFIC CORPORATION

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FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 1992

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Part I. Financial Information

Item 1. Financial Statements

Kewaunee Scientific Corporation
Condensed Statements of Operations
(Unaudited)

$ in thousands, except per share amounts		Three months ended January 31		Nine months ended January 31	
		1992	1991	1992	1991
OPERATIONS	Net sales	$17,624	$16,854	$54,192	$53,388
	Cost of products sold	14,003	13,514	42,870	41,496
	Gross profit	3,621	3,340	11,322	11,892
	Company restructuring expenses	-	-	-	1,090
	Operating expenses	3,493	3,381	11,023	11,257
	Operating earnings (loss)	128	(41)	299	(455)
	Non-operating income (expenses):				
	Interest expense	(70)	(115)	(261)	(368)
	Interest income	46	122	152	371
	Investment write-down	-	-	-	(220)
	Other income, net	30	67	322	187
	Earnings (loss) before income taxes	134	33	512	(485)
	Income tax expense (benefit)	47	6	179	(8)
	Net earnings (loss)	$87	$27	$333	($477)
PER SHARE DATA	Earnings (loss) per common share	$0.04	$0.01	$0.14	($0.18)
	Dividends per common share	$0.04	$0.04	$0.12	$0.12
	Average number of common shares outstanding (in thousands)	2,371	2,586	2,427	2,586

See accompanying notes to condensed financial statements.

Kewaunee Scientific Corporation
Condensed Balance Sheets

$ in thousands		January 31 1992 (Unaudited)	April 30 1991
Current assets	Cash and short-term investments	$3,078	$6,136
	Receivables	14,988	14,661
	Inventories	4,008	2,573
	Prepaid expenses and other current assets	766	1,323
	Total current assets	22,840	24,693
Property, plant and equipment	At cost	22,977	22,042
	Accumulated depreciation	(10,711)	(9,659)
	Net property, plant and equipment	12,266	12,383
Other assets		515	517
Total assets		$35,621	$37,593
Current liabilities	Accounts and notes payable	$7,344	$7,135
	Other current liabilities	5,001	5,183
	Total current liabilities	12,345	12,318
Long-term debt		4,502	5,090
Deferred income taxes and non-current liabilities		1,206	1,206
Stockholders' equity	Common stock	6,550	6,550
	Additional paid-in-capital	116	116
	Retained earnings	12,584	12,545
	Common stock in treasury, at cost	(1,682)	(232)
	Total stockholders' equity	17,568	18,979
Total liabilities and stockholders' equity		$35,621	$37,593

See accompanying notes to condensed financial statements.

Kewaunee Scientific Corporation
Condensed Statements of Cash Flows
(Unaudited)

$ in thousands		Nine months ended January 31 1992	1991
Cash flow generated by (used in) operations	Net earnings (loss)	$333	($477)
	Depreciation and amortization	1,062	1,212
	Bad debt expense	52	140
	Deferred compensation amortization	54	-
	Write-down of building	-	553
	Investment write-down	-	220
	Gain on sale of business property	(157)	(67)
	(Increase) decrease in operating requirements:		
	Receivables	(379)	(971)
	Inventories	(1,435)	1,110
	Accounts payable and accrued expenses	27	145
	Other, net	(217)	(168)
	Net cash generated by (used in) operations	(660)	1,697
Investing transactions	Capital expenditures	(937)	(1,711)
	Proceeds from sale of building	925	1,500
	Net cash used in investing transactions	(12)	(211)
Financing transactic	Common stock dividends	(294)	(310)
	Common stock purchase	(1,504)	(5)
	Repayment of long-term debt	(588)	(588)
	Net cash used in financing transactions	(2,386)	(903)
Increase (decrease) in cash and short-term investments		(3,058)	583
Cash and short-term investments, beginning of period		6,136	5,907
Cash and short-term investments, end of period		$3,078	$6,490
Supplemental disclosure	Interest paid	$281	$380
	Income taxes paid	186	20

See accompanying notes to condensed financial statements.

KEWAUNEE SCIENTIFIC CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

A. Financial Information

The unaudited interim condensed financial statements of Kewaunee Scientific Corporation (the "Company" or "Kewaunee") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "Commission"). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These interim condensed financial statements should be read in conjunction with the financial statements and notes included in the Company's 1991 Annual Report to Stockholders.

In the opinion of management, the interim condensed financial statements reflect all adjustments necessary for a fair presentation of the interim periods. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

B. Inventories

Inventories consisted of the following (in thousands):

	Jan. 31, 1992	April 30, 1991
Finished products	$1,467	$ 871
Work in process	1,502	706
Raw materials	1,039	996
	$4,008	$2,573

C. Balance Sheet

The Company's April 30, 1991 condensed balance sheet as presented herein is derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's 1991 Annual Report to Stockholders contains management's discussion and analysis of financial condition and results of operations at and for the year ended April 30, 1991. The following discussion and analysis describes material changes in the Company's financial condition since April 30, 1991. The analysis of results of operations compares the three months and nine months ended January 31, 1992 with the comparable period of the prior fiscal year.

Results of Operations

The Company recorded sales of $17.6 million for the three months ended January 31, 1992, up 4.6 percent from sales of $16.9 million for the comparable period of the prior year. Net sales for the nine months ended January 31, 1992 were $54.2 million, up slightly from sales of $53.4 million for the comparable period of the prior year.

The Company's unfilled sales order backlog was $41.4 million at January 31, 1992. This compares to unfilled sales order backlogs of $41.9 million and $31.6 million at April 30, 1991 and January 31, 1991, respectively.

The Company's gross profit margins for the three months and nine months ended January 31, 1992 were 20.5 percent and 20.9 percent, respectively, compared to 19.8 percent and 22.3 percent for the comparable periods of the prior fiscal year. Current year gross profit margins continue to suffer from intense price competition in the Company's primary market, contract-bid laboratory furniture, and increased costs associated with the Company's self-insured health plan. Additionally, sales of higher-margin end-user products were lower than in the prior year, a reflection of the current economic environment, and during the first quarter rescheduling by customers of delivery dates for certain large orders caused production inefficiencies and additional costs, including an unplanned three-day shutdown of the Metal Plant.

Operating expenses for the three months and nine months ended January 31, 1992 were $3.5 million and $11.0 million, compared to $3.4 million and $11.3 million for the comparable periods of the prior fiscal year. As a percent of sales, operating expenses for the three months and nine months ended January 31, 1992 were 19.8 percent and 20.3 percent of sales, respectively, compared to 20.1 percent and 21.1 percent of net sales for the comparable periods of the prior fiscal year.

Operating earnings of $128,000 and $299,000 were recorded for the three months and nine months ended January 31, 1992, respectively, as compared to operating losses of $41,000 and $455,000 for the comparable periods of the prior fiscal year. During the nine months ended January 31, 1991, a pre-tax restructuring charge in the amount of $1.1 million associated with the implementation of a cost-savings plan was charged against operating earnings. Excluding the impact of this charge, operating earnings were $635,000 for the nine months of the prior fiscal year.

Non-operating income(expenses) was net income of $6,000 and $213,000 for the three months and nine months ended January 31, 1992, respectively, compared to a net income of $74,000 and net expense of $30,000, respectively, for the comparable periods of the prior fiscal year. Non-operating expenses for the prior fiscal year include a $220,000 charge to write down the carrying value of an investment.

Income tax expense of $47,000 and $179,000 were recorded for the three months and nine months ended January 31, 1992, respectively, compared to an expense of $6,000 and a benefit of $8,000 for the comparable periods of the prior year.

The Company recorded net earnings of $87,000 and $333,000, or 4 cents and 14 cents per share, for the three months and nine months ended January 31, 1992, respectively. This compares to a net profit of $27,000, or one cent per share, and a net loss of $477,000, or 18 cents per share, recorded for the three months and nine months ended January 31, 1991, respectively. Excluding the impact of the previously-mentioned restructuring charge, net earnings were $542,000, or 21 cents per share, for the nine months ended January 31, 1991.

Liquidity and Capital Resources

Kewaunee's management assesses the Company's liquidity in terms of its overall ability to mobilize cash to support ongoing business levels and to fund its growth. The principal source of funding for support of ongoing business levels is cash inflow from operations. Other sources of liquidity at January 31, 1992 include cash and short-term investments of $3.1 million and a confirmed bank line of credit amounting to $3.5 million. Additionally, at January 31, 1992, the Company had accounts receivable of $15.0 million and inventories (on a first-in, first-out basis) of $7.7 million, both of which are convertible into cash over a relatively short period of time. Management believes sources of liquidity will be sufficient to support ongoing business levels, including capital expenditures and debt service requirements.

The Company purchased 250,000 shares of its common stock on July 2, 1991 from an insurance company and its affiliates for a cash purchase price of $1.5 million. The net worth covenant requirements in the Company's Industrial Development Revenue Bonds agreements were adjusted by the amount of the purchase price.

The Company sold its former headquarters building in Wilmette, Illinois during September, 1991 for a purchase price of approximately $1.0 million. The Company sold its former office building in Statesville, North Carolina during July, 1990, for a purchase price of $1.5 million.

Capital expenditures were $937,000 for the nine months ended January 31, 1992, and $1,711,000 for the comparable period of the prior fiscal year.

The Company used $294,000 for common stock dividend payments and $588,000 for scheduled principal payments on long-term debt during the nine months ended January 31, 1992. This compares to dividend payments of $310,000 and scheduled principal payments of $588,000 for the comparable period of the prior fiscal year.

The Company did not borrow on a short-term basis at any time during the first nine months of fiscal year 1992 or 1991. The Company's debt-to-equity ratio was .30 to 1 at January 31, 1992, compared to .31 to 1 at April 30, 1991. The Company's current ratio was 1.9 to 1 at January 31, 1992, a slight decrease from 2.0 to 1 at April 30, 1991.

REVIEW BY INDEPENDENT ACCOUNTANTS

A review of the interim financial information included in this Quarterly Report on Form 10-Q for the three months and nine months ended January 31, 1992 has been performed by Deloitte & Touche, the Company's independent accountants. Their report on the interim financial information follows. There have been no material adjustments or disclosures proposed by Deloitte & Touche which have not been reflected in the interim financial information.

Deloitte & Touche

2000 First Citizens Bank Plaza
128 South Tryon Street
Charlotte, North Carolina 28202-5001

Telephone (704) 372-3560

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders
Kewaunee Scientific Corporation
Statesville, North Carolina

We have made a review of the condensed balance sheet of Kewaunee Scientific Corporation as of January 31, 1992, and the related condensed statements of operations for the three-month and nine-month periods ended January 31, 1992 and 1991, and the condensed statements of cash flows for the nine-month periods ended January 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet of Kewaunee Scientific Corporation as of April 30, 1991, and the related statements of operations, retained earnings, and cash flows for the year then ended (not presented herein); and in our report dated June 7, 1991 (July 2, 1991 as to Note K), we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of April 30, 1991 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

Deloitte + Touche

February 20, 1992

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

There were no exhibits required by Item 601 of Regulation S-K.

b) Reports on Form 8-K

No reports on Form 8-K were filed with the commission during the three months ended January 31, 1992.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KEWAUNEE SCIENTIFIC CORPORATION

(Registrant)

Date: March 5, 1992

By R.M. Cecchini

Robert M. Cecchini
Vice President of Finance
Chief Financial Officer

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Q. 35405

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SECURITY AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended January 31, 1992 Commission file number 0-11563

LDB Corporation
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of incorporation or organization)

59-0263460
(I.R.S. Employer Identification No.)

444 SIDNEY BAKER SOUTH, KERRVILLE, TEXAS 78028
(Address of principal executive offices and Zip Code)

(512) 257-2000
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ____

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

Class	Number of Shares Outstanding at March 12, 1992
Common Stock, par per share	1,848,370

MAR 20 1992

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FORM 10-Q QUARTERLY REPORT

LDB CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION - FORM 10-Q
LDB CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JANUARY 31, 1992, and JULY 31, 1991
(Note 1)

	January (Unaudited)	July (Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$8,603,854	$4,524,258
Marketable securities (Note 2)	5,200,015	5,494,188
Accounts and notes receivable,	741,352	1,207,221
Inventories	356,364	344,434
Prepaid and other assets	578,779	1,302,494
Total current assets	15,480,364	12,872,595
NET PROPERTY AND EQUIPMENT	20,487,565	22,780,982
OTHER ASSETS:		
Cost in excess of net assets of acquired business	7,269,885	7,408,359
Notes receivable	203,577	264,599
Other investments	150,000	150,000
Miscellaneous	1,203,527	1,225,652
Total other assets	8,826,989	9,048,610
	$44,794,918	$44,702 187
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital lease obligations	$8,639,547	$8,330,198
Accounts payable	5,963,966	5,123,606
Accrued expenses	8,095,146	7,676,717
Note purchase liability	5,825,959	5,631,849
Total current liabilities	28,524,618	26,762,370
DEFERRED CREDITS AND OTHER LIABILITIES	3,637,898	3,638,466
LONG-TERM DEBT	1,341,468	1,322,834
CAPITAL LEASE OBLIGATIONS	1,595,438	1,992,019
STOCKHOLDERS' EQUITY:		
Preferred stock, 1,000 shares issued and outstanding stated at par value (liquidation preference-$5,000,000)	-	-
Common stock, $5 par value - authorized 40,000,000 shares; issued and outstanding 2,292,521 shares	11,462,607	11,462,607
Paid-in capital	22,643,588	22,643,588
Retained earnings (deficit)	(15,735,229)	(14,465,482)
Treasury stock - common, at cost: 424,151 shares at July 31 and 444,151 shares at January, 31	(8,675,470)	(8,654,215)
Total stockholders' equity	9,695,496	10,986,498
	$44,794,918	$44,702,187

See accompanying notes to consolidated financial statements.

PART I. FINANCIAL INFORMATION - FORM 10-Q
LDB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS AND SIX MONTHS ENDED
JANUARY 31, 1992 AND 1991
(UNAUDITED) (NOTE 1)

	THREE MONTHS ENDED JANAURY 31,		SIX MONTHS ENDED JANAURY 31,	
	1992	1991	1992	1991
REVENUES:				
Net sales	$10,606,593	$14,379,691	$21,997,162	$29,454,131
Royalties and other	1,166,932	1,201,121	2,692,258	2,677,398
Total revenues	11,773,525	15,580,812	24,689,420	32,131,529
COSTS AND EXPENSES:				
Cost of sales	6,032,336	8,279,706	12,500,212	17,287,141
Selling, general, and administrative	5,846,936	8,418,601	13,116,942	16,184,843
Net investment (income) loss	(323,902)	(1,066,452)	(1,203,242)	2,797,807
Interest expense	228,549	477,204	648,791	999,135
Realignment expense	746,464	-	896,464	-
Total costs and expenses	12,530,383	16,109,059	25,959,167	37,268,926
INCOME (LOSS) BEFORE INCOME TAXES	(756,858)	(528,247)	(1,269,747)	(5,137,397)
PROVISION FOR INCOME TAXES	(6,217)	-	-	-
NET INCOME (LOSS).....................	($750,641)	($528,247)	($1,269,747)	($5,137,397)
NET INCOME (LOSS) PER COMMON SHARE (Note 3)	($0.41)	($0.34)	($0.69)	($2.87)
WEIGHTED AVERAGE SHARES OUTSTANDING ..	1,848,370	1,868,370	1,853,370	1,868,370

See accompanying notes to consolidated financial statements.

PART I. FINANCIAL INFORMATION - FORM 10-Q

LDB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JANUARY 31, 1992 AND 1991
(UNAUDITED)

	1992	1991
CASH FLOWS - OPERATING ACTIVITIES:		
Net income (loss)	($1,269,747)	($5,137,397)
Adjustments:		
Depreciation and amortization	1,465,085	2,496,738
Cash provided (used) due to changes in working capital other than cash, securities and debt	2,664,761	(5,091,725)
Realized security (gains) losses	1,269,945	2,958,786
Marketable security valuation reserve	(2,235,360)	88,150
Realignment provision	896,464	-
Other	469,296	(32,954)
	3,260,444	(4,718,402)
CASH FLOWS - INVESTING ACTIVITIES:		
Purchases of property and equipment	(255,438)	(1,214,917)
Disposals of property and equipment	606,233	382,522
Purchases of marketable securities	(1,022,024)	(58,159)
Sales of marketable securities	2,281,612	6,309,382
Decrease (increase) in long-term notes receivable	(133,185)	-
Other	(22,686)	(415,795)
	1,454,512	5,003,033
CASH FLOWS - FINANCING ACTIVITIES:		
Purchase of common stock	(21,255)	-
Increases in debt	343,476	207,641
Decreases in debt	(412,075)	(917,721)
Payment of realignment liabilities	(545,506)	(170,386)
	(635,360)	(880,466)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,079,596	(595,835)
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	4,524,258	2,492,595
CASH AND CASH EQUIVALENTS END OF PERIOD	$8,603,854	$1,896,760
INTEREST PAID	$312,307	$764,112

See accompanying notes to consolidated financial statements.

PART I. FINANCIAL INFORMATION - FORM 10-Q

LDB CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 1992 AND 1991
(UNAUDITED)

---

1. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly LDB Corporation and Subsidiaries' financial position as of January 31, 1992 and 1991 and the results of its operations and changes in cash flow for the six months ended January 31, 1992 and 1991. The results of operations for the six months ended January 31, 1992 and 1991 are not necessarily indicative of the results to be expected for the full year.

   The accounting policies followed by the Company are set forth in the Company's financial statements in its 1991 Form 10-K.

2. Marketable securities in the accompanying balance sheet consist of the following:

	January 31, 1992	July 31, 1991
Original cost	$13,594,000	$16,123,000
Less permanent impairment..........	(8,394,000)	(8,394,000)
Less adjustment for market declines	-	(2,235,000)
	$ 5,200,000	$ 5,494,000

3. Earnings per common share for the three months and six months ended January 31, 1992 and 1991 are based upon the weighted average shares outstanding for each period. For 1991 net income has been reduced for preferred dividends of $112,500 for the quarter and $225,000 for the six month period. Preferred dividends have not been declared or paid subsequent to July 31, 1990. See discussion of "Liquidity and Capital Resources" on Page 7.

4. On October 10, 1991, the Company's principal operating subsidiary, Mr. Gatti's, Inc. filed for relief under Title 11, Chapter 11 of the United States Code in the United States Bankruptcy Court for the Western District of Texas, Austin Division. Refer to Form 10-k for the fiscal year ended July 31, 1991, Item 1, Business and Note 14.

PART I. FINANCIAL INFORMATION - FORM 10-Q
LDB CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS AND SIX MONTHS ENDED JANUARY 31, 1992 AND 1991
(UNAUDITED)

Liquidity and Capital Resources

Refer to Form 10-K for the fiscal year ended July 31, 1991, Item 7, Liquidity and Capital Resources and Notes 10 and 14. As previously reported, the Company had received demand under its note purchase obligation and suit had been filed in district court, Dallas County, Texas. In February 1992, this obligation was converted to a $5,000,000 collateralized note, the Series K Preferred Stock retired, and the litigation dismissed. Mr. Gatti's, Inc. has filed a voluntary petition under Chapter 11 of the Federal Bankruptcy Code. Mr. Gatti's must resolve bank debt terms and obtain court confirmation prior to emerging from bankruptcy.

At January 31, 1992 the Company and its subsidiaries had $11,187,000 in cash and marketable securities after deducting amounts due brokers compared to $6,795,000 at July 31, 1991. The increase was the result of cash provided by operations and the increase in payables due to Mr. Gatti's, Inc.'s Chapter 11 reorganization filing. Approximately $3,600,000 of accounts payable and accrued expenses relate to liabilities of Mr. Gatti's, Inc., which are expected to be payable after confirmation of its plan of reorganization. The ratio of current assets to current liabilities was .5 at January 31, 1992 and July 31, 1991.

Capital expenditures for the six months ended January 31, 1992, amounted to $255,000 compared to $1,215,000 for 1991. Capital expenditure commitments at January 31, 1992, were not significant.

Results of Operations for the Quarter ended January 31, 1992, compared to the Quarter ended January 31, 199,

Revenues for 1992 amounted to $11,774,000 as compared to $15,581,000 in 1991, a decrease of $3,807,000 or 24.4%, primarily attributable to the closing and franchising of Company stores.

Cost of sales for 1992 amounted to $6,032,000 compared to $8,280,000 in 1991. Cost of sales as a percent of sales was 56.9% for 1992 as compared to 57.6% in 1991.

Selling, general and administrative expenses amounted to $5,847,000 in 1992 compared to $8,419,000 in 1991.

Net investment (income) loss included in the statement of income for the quarter ended January 31, 1992 and 1991 was as follows:

	1992	1991
Dividends and interest income	$(115,000)	$(118,000)
Realized Security (gains) losses	677,000	2,150,000
Unrealized security (gains) losses	(886,000)	(3,098,000)
Net investment (income) loss	$(324,000)	$(1,066,000)

During fiscal year 1988, Company management initiated a review of its restaurant operations in conjunction with a major realignment plan. As part of this realignment program, the reserve was increased by $746,000 during the quarter ended January 31, 1992, for locations to be closed or franchised and locations where asset values are permanently impaired.

For 1992, no provision for federal income taxes has been recorded as a result of the Company's net operating loss carryforwards. At January 31, 1992, the Company had net operating loss carryforwards for financial accounting purposes of approximately $39,500,000.

Results of Operations for the Six Months ended January 31, 1992 Compared to the Six Months ended January 31, 1991.

Revenues for 1992 amounted to $24,689,000 compared to $32,132,000 in 1991, a decrease of $7,443,000 or 23.2% primarily attributable to the closing and franchising of Company stores.

Cost of sales for 1992 amounted to $12,500,000 compared to $17,287,000 in 1991. Cost of sales as a percent of sales was 56.8% for 1992 as compared to 58.7% in 1991.

Selling, general and administrative expenses amounted to $13,117,000 in 1992 compared to $16,185,000 in 1991, a decrease of $3,068,000.

LDB CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS AND SIX MONTHS ENDED JANUARY 31, 1992 AND 1991
(UNAUDITED)

Net Investment (income) loss included in the statement of income for the six months ended January 31, 1992 and 1991 is as follows:

	1992	1991
Dividends and interest income.................	$(238,000)	$(249,000)
Realized Security (gains) losses.........	1,270,000	2,959,000
Unrealized Security (gains) losses	(2,235,000)	88,000
Net Investment (income) loss	$(1,203,000)	$ 2,798,000

PART I. FINANCIAL INFORMATION - FORM 10-Q
LDB CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS AND SIX MONTHS ENDED JANUARY 31, 1992 AND 1991
(UNAUDITED)

The following table sets forth certain information relating to the Company's operations.

	Three Months Ended January 31,		Six Months Ended January 31,	
	1992	1991	1992	1991
	(Amounts in thousands)			
REVENUES:				
Restaurant Operations:				
Mr. Gatti's Restaurant Sales	$10,606	$14,380	$21,997	$29,454
Covered Dish Restaurant Sales ...	-	-	-	-
Royalties	766	743	1,598	1,539
Other	401	458	1,094	1,139
	$11,773	$15,581	$24,689	$32,132
EARNINGS (LOSS) BEFORE INCOME TAXES:				
Restaurant Operations:				
Franchise and operation of Restaurants - Mr. Gatti's	($562)	($29,	($350)	($41)
Operation of Covered Dish Restaurant	-	(114)	-	(150)
	($62)	(143)	(350)	(191)
Investments:				
Realized Gains and (Losses) on Marketable Securities	(677)	(2,150)	(1,270)	(2,959)
Unrealized Gains and (Losses) on Marketable Securities	886	3,098	2,235	(88)
Dividends/Interest/Other	115	118	238	249
Goodwill Amortization	(70)	(69)	(139)	(139)
Total Investments Income (Loss)	254	997	1,064	(2,937)
Total Operations Before General, Administrative, & Other	(308)	854	71	(3,128)
General, Administrative and Other	(443)	(1,382)	(1,984)	(2,009)
TOTAL LOSS BEFORE INCOME TAXES	($751)	($528)	($1,270)	($5,137)
CAPITAL EXPENDITURES:				
Mr. Gatti's Restaurants	$106	$554	$254	$1,209
Corporate/Other	-	1	1	6
	$106	$555	$255	$1,215
DEPRECIATION and AMORTIZATION:				
Mr. Gatti's Restaurants	$599	$1,129	$1,214	$2,252
Corporate/Other	125	100	251	245
	$724	$1,229	$1,465	$2,497
IDENTIFIABLE ASSETS:				
Mr. Gatti's Restaurants			$21,850	$26,161
Corporate/Other - Investments			5,376	5,552
- Goodwill			7,270	7,547
- Other Assets			10,299	19,440
			$44,795	$58,700

Item 6(b) Reports on Form 8-K.

The registrant did not file a current report on Form 8-K during the second quarter of fiscal 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LDB Corporation
(Registrant)

DATE: March 12, 1992

Byron C Smith
BYRON C. SMITH
Executive Vice President
Administration

DATE: March 12, 1992

Charles C Thomas
CHARLES C. THOMAS
Controller

P 19342

Q. 35410

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M92-2247

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 205

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10-16-92

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

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For Quarter Ended January 31, 1992 Commission File No. 2-98314-W

[redacted]

92080832

MEDICAL ADVISORY SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	52-1233960
(State or other jurisdiction of incorporated or organization)	(I.R.S. Employer Identification No.)

Box 193, Pennsylvania Avenue Ext., Owings, Maryland	20736
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (301) 855-8070

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

3,776,933 shares of Common Stock ($0.005 par value per share)
outstanding at January 31, 1991

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MEDICAL ADVISORY SYSTEMS, INC.

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Balance Sheet - January 31, 1992 and October 31, 1991

Statement of Operations - Three monthes ended January 31, 1992 and 1991

Statement of Cash Flow - Three months ended January 31, 1992 and 1991

Notes to Condensed Financial Statements: January 31, 1992

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings
Item 2. Changes in Securities
Item 3. Defaults from Senior Securities
Item 4. Submission of Matters to a Vote of Security Holders
Item 5. Other Information
Item 6. Exhibits and Reports on Form 8-K

SIGNATURES

MEDICAL ADVISORY SYSTEMS, INC.

CONSOLIDATED BALANCE SHEET

	JAN 31 1992	OCT 31 1991
	UNAUDITED (NOTE-A)	
ASSETS		
CURRENT ASSETS:		
Cash	$ 11,231	$ 53,926
Receivable, (net)	549,327	497,393
Inventory	144,870	124,237
Prepaid expenses	23,692	22,401
TOTAL CURRENT ASSETS	729,120	697,957
PROPERTY AND EQUIPMENT, NET	298,469	298,587
OTHER ASSETS:		
Debenture issue costs, net of amortization of $27,112 and $11,356 respectively	35,449	39,388
Deposits and other	14,131	14,131
TOTAL ASSETS	$1,077,169	$1,050,063

MEDICAL ADVISORY SYSTEMS, INC.

CONSOLIDATED BALANCE SHEET

	JAN 31 1992 UNAUDITED (NOTE-A)	OCT 31 1991
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes Payable	$ 8,482	$ 8,482
Current Maturities LT Debt	68,830	72,585
Accounts payable & accrued expenses	546,555	524,118
Deferred income	48,557	48,889
TOTAL CURRENT LIABILITIES	672,425	654,074
Long-term liabilities to related parties	2,614	4,114
Debentures and long-term liabilities to banks and others	938,020	950,831
TOTAL LIABILITIES	1,613,058	1,609,019
SHAREHOLDERS'EQUITY (DEFICIT):		
Common Stock, $0.005 par value - Authorized: 6,000,000 shares Issued: 3,776,873 shares	19,753	19,753
Convertible Preferred Stock, $1.75 par value Authorized: 1,000,000 shares Issued: none	0	0
Additional capital	3,819,440	3,819,440
Accumulated deficit	(4,331,499)	(4,354,566)
Treasury Stock at Cost - 65,940 shares	(43,583)	(43,583)
TOTAL SHAREHOLDER EQUITY	(535,889)	(558,956)
TOTAL LIABILITIES AND EQUITY	$1,077,169	$1,050,063

MEDICAL ADVISORY SYSTEMS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS
UNAUDITED

	Three Months Ended Jan 31	
	1991	1990
Revenues:		
Pharmaceutical sales	$ 515,968	$ 489,301
Program services	296,381	270,924
Clinic services	23,655	49,032
Training	20,998	0
Other revenue	15,404	13,996
	872,406	822,983
Costs and expenses:		
Pharmaceutical cost of goods	382,638	336,924
Medical professional service	81,699	85,416
Clinic system	16,100	38,388
Training	11,163	0
Salaries and wages	126,627	112,647
Other selling, general and administrative expenses	189,115	153,809
Depreciation and amortization	12,959	12,042
Interest, net	29,039	27,909
	849,340	767,085
Net profit (loss)	$ 23,066	$ 55,898
Earnings per share	.01	.01
Outstanding shares used to calculate earnings per share	3,776,933	3,776,933

MEDICAL ADVISORY SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	Three Months Ended Jan 31	
	1992	1991
Cash flows from operating activities:		
Net profit (loss)	$ 23,067	$ 55,908
Adjustments to reconcile net profit (loss) to net cash used by operating activities:		
Depreciation and amortization	12,959	12,042
Decrease (increase) in:		
Accounts Receivable	(51,934)	(117,159)
Inventory	(20,633)	(27,916)
Prepaid expenses	(1,291)	8,590
Due from related parties	0	0
Deposits and other	0	1,249
Increase (decrease) in:		
Bank overdraft, accounts payable and accrued expenses	22,437	8,222
Deferred income	(332)	(2,586)
Net cash used for operating activities	(15,727)	(61,650)
Cash flows from investing activities:		
Capital expenditures	(8,902)	(1,000)
Disposals of property and equipment	0	0
Net cash provided by (used in) investing activities	(8,902)	(1,000)
Cash flows from financing activities		
Proceeds of loans from banks, related parties and others		0
Repayment of loans to banks and related parties	(18,066)	(7,055)
Debenture issue costs	0	0
Capital contributions	0	0
Issuance of common stock	0	0
Net cash provided by financing activities	(18,066)	(7,055)
Net increase (decrease) in cash	(42,695)	(69,705)
Cash at beginning of period	53,926	78,609
Cash at end of period	$ 11,231	$ 8,904

MEDICAL ADVISORY SYSTEMS, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended January 31, 1992 are not necessarily indicative of the results that may be expected for the year ended October 31, 1992.

MEDICAL ADVISORY SYSTEMS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues from medical advice were $234,500 in the first quarter of FY 1991, 8% lower and 9% higher than revenues reported from medical advice for the same periods in FY 1991 and FY 1990, respectively. The decrease from FY 1991 was due primarily to the deactivation of the Ready Reserve Fleet vessels deployed during the Persian Gulf War.

Revenues from pharmaceutical sales to the Maritime customers were $113,587 in the first quarter of FY 1992, a 43% decrease and 52% increase over revenue from sales of pharmaceuticals to the Maritime during the same periods in FY 1991 and FY 1990, respectively. This decrease from FY 1991 was due primarily to the deactivation of the Ready Reserve Fleet vessels deployed during the Persian Gulf War.

Revenues from the sale of pharmaceuticals to the physician market were $402,381 during the first quarter of FY 1992, an increase from the sale of pharmaceuticals to the physician market during the same periods in FY 1991 and FY 1990, of 39% and 19% respectively. Management believes the increase from FY 1991 is due to an overall increase in physician demand and the expansion of the pharmaceutical sales force.

The Company expanded a Response to Illness at Sea Training Program which provided training revenues of $20,998 during the first quarter of FY 1992. During September 1990, Emergency & Safety Programs, Inc. (ESP), a wholly owned subsidiary which provided training was repurchased by its former owner. The company did not report training revenues during the first quarter of FY 1991. Training revenues of $7,101 were reported during the first quarter of FY 1990.

During the third quarter of FY 1990, the Company began providing a travel assistance service to European travel companies. The Company reported $61,881 in revenues from travel assistance during the first quarter of FY 1992, a 228% increase over revenues from travel assistance during the same period in FY 1991. Management believes the increase is due primarily to an increase in tourist travel since the resolution of the Persian Gulf War.

PART II - OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits. None

(b) Reports on Form 8-K. None

MEDICAL ADVISORY SYSTEMS, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MEDICAL ADVISORY SYSTEMS, INC.

(Registrant)

Date: March 18, 1992

R Scheible

Ronald G. Scheible
President & Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

N92-2247

For the quarterly period ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number ~~0-10659~~ 1-8986

METRO AIRLINES, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

74-2211124
(I.R.S. Employer Identification No.)

PROCESSED BY
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One Metro Centre
1700 West 20th Street
D/FW Airport, Texas 75261
(Address of principal executive offic
(Zip code)

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LSU

(214) 453-4400
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

Common Stock, $.10 par value
(Title of class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

As of January 31, 1992, there were outstanding 3,575,934 shares of Common Stock and 2,538,356 shares of Class B Common Stock of the Registrant.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

METRO AIRLINES, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS	January 31, 1992 (unaudited)	April 30, 1991
Current assets:		
Cash	$ 9,972	$ 4,519
Accounts receivable:		
Trade	536	1,045
Other	327	329
Expendable parts and supplies	2,304	2,937
Prepayments and other	1,701	1,114
Total current assets	14,840	9,944
Property and equipment, at cost:		
Flight equipment	17,561	16,943
Ground equipment and other	10,613	10,316
	28,174	27,259
Less accumulated depreciation and amortization	8,717	8,016
Net property and equipment	19,457	19,243
Note receivable from related party	2,500	2,500
Cost in excess of net assets of businesses acquired, net of accumulated amortization of $1,178 and $979	9,470	9,669
Other assets, at cost net of accumulated amortization of $464 and $375	2,624	2,720
Total assets	$ 48,891	$44,076

See accompanying notes to consolidated financial statements.

(continued)

METRO AIRLINES, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

LIABILITIES AND STOCKHOLDERS' DEFICIT	January 31, 1992 (unaudited)	April 30, 1991
Current liabilities:		
Accounts payable	$ 1,796	$ 1,269
Accrued payroll costs	1,678	1,318
Accrued lease payments	1,517	1,333
Other accrued liabilities	2,351	1,994
Total current liabilities	7,342	5,914
Liabilities subject to Chapter 11 proceedings	64,960	66,855
Deferred lease incentives	3,889	4,120
Deferred gain on sale-leaseback transactions	2,870	3,430
Other long-term liabilities and deferred credits	1,061	189
Total liabilities	80,122	80,508
Stockholders' deficit:		
Serial preferred stock; $.10 par; 1,000,000 shares authorized; none outstanding	-	-
Common stock; $.10 par; 20,000,000 shares authorized; 3,675,537 shares issued at January 31, 1992	367	343
Class B common stock; $.10 par; 20,000,000 shares authorized; 2,538,356 shares outstanding at January 31, 1992	254	278
Additional paid-in capital	13,648	13,648
Accumulated deficit	(45,069)	(50,270)
Treasury stock, at cost; 99,603 shares	(431)	(431)
Total stockholders' deficit	(31,231)	(36,432)
Total liabilities and stockholders' deficit	$ 48,891	$ 44,076

METRO AIRLINES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
	(unaudited)		(unaudited)	
Operating revenues:				
Passenger	$27,312	$ 49,951	$86,378	$170,714
Cargo, mail and other	402	1,344	2,097	4,572
	27,714	51,295	88,475	175,286
Operating expenses:				
Flight operations	10,267	20,694	31,547	61,571
Maintenance	6,645	10,902	19,053	35,838
Passenger service	4,225	7,720	12,001	25,041
Fuel	2,581	7,899	7,597	22,337
Promotion and sales	2,888	6,021	8,994	21,105
General and administrative	1,145	3,578	3,728	8,219
Depreciation and amortization	624	1,607	1,881	4,931
Write-off of intangibles of Metro Airlines Northeast	-	6,736	-	6,736
	28,375	65,157	84,801	185,778
Operating income (loss)	(661)	(13,862)	3,674	(10,492)
Other income (expense):				
Interest expense, net	(30)	(1,625)	(109)	(4,803)
Reorganization items	52	-	(86)	-
Other, net	233	(43)	1,924	(157)
	255	(1,668)	1,729	(4,960)
Income (loss) before income taxes and extraordinary item	(406)	(15,530)	5,403	(15,452)
Provision (credit) for income taxes	(127)	20	1,986	114
Income (loss) before extraordinary item	(279)	(15,550)	3,417	(15,566)
Extraordinary item - utilization (reversal) of net operating loss carryforward	(148)	-	1,784	-
Net income (loss)	$ (427)	$(15,550)	$ 5,201	$(15,566)

See accompanying notes to consolidated financial statements.

(continued)

METRO AIRLINES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (cont'd.)

(In thousands, except per share amounts)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
	(unaudited)		(unaudited)	
Common shares outstanding (weighted average):				
Primary	6,114	6,114	6,114	6,113
Fully diluted	6,114	6,114	8,140	6,113
Earnings (loss) per common share				
Primary:				
Income (loss) before extraordinary item	$(0.05)	$(2.54)	$0.56	$(2.55)
Extraordinary item	(0.02)	-	0.29	-
Net income (loss)	$(0.07)	$(2.54)	$0.85	$(2.55)
Fully diluted:				
Income (loss) before extraordinary item	$(0.05)	$(2.54)	$0.42	$(2.55)
Extraordinary item	(0.02)	-	0.22	-
Net income (loss)	$(0.07)	$(2.54)	$0.64	$(2.55)

See accompanying notes to consolidated financial statements.

METRO AIRLINES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine Months Ended January 31,	
	1992	1991
	(unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ 5,201	$(15,566)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,881	4,931
Write-off of intangibles of Metro Airlines Northeast	-	6,736
Deferred lease expense	550	(148)
Other	(866)	(1,185)
Changes in assets and liabilities:		
Accounts receivable	511	3,240
Expendable parts and supplies	633	(15)
Prepayments and other	(587)	(121)
Other assets	5	380
Accounts payable	527	(2,235)
Accrued liabilities	1,175	3,878
Liabilities subject to Chapter 11 proceedings	(1,895)	-
Other liabilities and deferred credits	322	3,650
Net cash provided by operating activities	7,457	3,545
Cash flows from investing activities:		
Proceeds from disposal of property and equipment	1	-
Capital expenditures	(2,005)	(13,277)
Net cash used by investing activities	(2,004)	(13,277)
Cash flows from financing activities:		
Net increase in short-term debt	-	3,283
Proceeds from issuance of long-term debt	-	10,219
Repayments of long-term debt	-	(6,739)
Net cash provided by financing activities	-	6,763
Net increase (decrease) in cash	5,453	(2,969)
Cash at beginning of period	4,519	3,862
Cash at end of period	$ 9,972	$ 893

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) General information

The consolidated financial statements include the accounts of Metro Airlines, Inc. ("Metro") and its wholly owned subsidiaries. As used herein, the term the "Company" refers to Metro and its wholly owned subsidiaries.

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosure is adequate to prevent the information presented from being misleading, it is suggested that the consolidated financial statements be read in conjunction with the audited financial statements and notes thereto included in the Company's latest Annual Report on Form 10-K.

Certain reclassifications have been made in the prior period financial statements to conform to the current period presentation.

(2) Chapter 11 Reorganization

On April 1, 1991, Metro and two of its subsidiaries, Metroflight, Inc. and Metro Leasing, Inc. (collectively, the "Debtors"), filed voluntary petitions in the United States Bankruptcy Court (the "Bankruptcy Court") for reorganization under Chapter 11 of the United States Bankruptcy Code (the "Code"). The bankruptcy proceedings of the Debtors have been consolidated for administrative purposes only. Presently, each Debtor is maintaining its own separate bankruptcy case.

The Debtors are being operated as debtors-in-possession under the Code. As debtors-in-possession, the Debtors are authorized to operate their businesses, but may not engage in transactions outside of the ordinary course of business without approval of the Bankruptcy Court. Pursuant to the Code, a committee of the Debtors' unsecured creditors has been appointed. Among other things, that committee reviews certain proposed business transactions and is negotiating with the Debtors concerning a plan of reorganization.

Pursuant to provisions of the Code, liabilities arising prior to the Chapter 11 filings may not be paid without prior approval of the Bankruptcy Court. Accordingly, substantially all of the Company's prepetition debt and lease obligations are in default under the terms of the applicable agreements, and thus are classified as "Liabilities Subject to Chapter 11 Proceedings" in the accompanying balance sheets. Certain of the Company's prepetition liabilities have subsequently been paid with approval from the Bankruptcy Court. These liabilities include payments for certain maintenance expenses, wages and employee benefits, and interline obligations.

With certain exceptions under the Code, the bankruptcy filings by the Debtors operate as an automatic stay against the commencement or continuation of any judicial, administrative or other proceedings against the Debtors, any act to obtain possession of property of or from the Debtors or any act to create, perfect or enforce any lien against property of the Debtors. As a result, creditors are prohibited from attempting to collect prepetition debts without the consent of the Bankruptcy Court.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of operations and the realization of assets and the liquidation of liabilities in the ordinary course of business. However, such realization of assets and liquidation of liabilities is subject to significant uncertainties and Bankruptcy Court approval. Also, the ability of the Company to operate its businesses prior to confirmation of a plan of reorganization is dependent on its ability to generate sufficient cash from operations or other sources to meet its postpetition obligations.

Statement of Position 90-7 ("SOP 90-7"), "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," was issued by the American Institute of Certified Public Accountants in November 1990. The Company has accounted for all transactions related to the reorganization proceedings in accordance with SOP 90-7. Therefore, liabilities subject to Chapter 11 proceedings have been segregated on the accompanying consolidated balance sheet. These liabilities are recorded at the amounts expected to be allowed as claims by the Bankruptcy Court rather than estimates of the amounts for which those allowed claims may be settled as a result of any Bankruptcy Court-approved plan of reorganization. Interest expense on unsecured and undersecured obligations ceased to accrue at the Chapter 11 filing date.

As a result of the reorganization proceedings, the Company may sell or otherwise realize assets and liquidate or settle liabilities for amounts other than those reflected in the consolidated financial statements. Except as disclosed herein, the consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities, that may result from any plans, arrangements or other proceedings arising from the reorganization or other uncertainties. Upon approval of a plan of reorganization by the Bankruptcy Court, adjustments to the carrying values of the Company's assets and liabilities may be required to reflect the terms of such plan.

The period in which the Debtors have the exclusive right to file plans of reorganization has been extended until March 26, 1992. If plans are submitted within such period, the Debtors have an additional 60 days within which to obtain necessary acceptance of such plans. Such periods may be further extended in the discretion of the Bankruptcy Court upon a showing of cause. Generally, confirmation of a plan of reorganization requires acceptance of the plan by certain majorities of each class of creditors (subject to certain exceptions under the Code), as well as formal approval of the plan by the Bankruptcy Court. The Company cannot predict the contents of any proposed reorganization plans and when or whether they will be accepted by the creditors or approved by the Bankruptcy Court. If no reorganization plan is approved, it is possible that the assets of the Debtors could be liquidated.

At this time, it is not possible to determine the content or terms of the Debtors' proposed reorganization plan. However, such plan may involve issuance of new debt instruments and/or equity securities as satisfaction for prepetition obligations of the Debtors, which could result in substantial dilution of the interests of Metro's current equity holders.

The Debtors' creditors have submitted claims for liabilities not paid and for damages incurred. There may be differences between the amounts at which any such liabilities are recorded in the financial statements and the amount claimed by the creditors. Litigation may ultimately be required to resolve such disputes.

The Company is incurring significant legal, professional and other expenses associated with the reorganization which are being expensed when incurred. The total amount of these expenses is not now readily determinable, but is likely to be material and may significantly affect future results.

(3) Earnings (loss) per common share

Primary earnings (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares (including shares of Class B common stock) outstanding during the periods. Fully diluted earnings per common share is calculated under the assumption that all of the 8 1/2% convertible subordinated debentures were converted at the beginning of the period, with earnings adjusted for interest, net of income tax. The effect of the 8 1/2% convertible subordinated debentures was antidilutive for the three and nine month periods ended January 31, 1991 and for the three month period ended January 31, 1992. For the three and nine month periods ended January 31, 1992, no interest was recorded on the debentures as a result of the Company's bankruptcy filing. The effect of outstanding stock options was insignificant in all periods.

(4) Affiliated entity and related-party transactions

The Company has significant transactions with affiliated entities that are owned by certain of the officers and directors of the Company. These transactions were contracted for, in management's opinion, on generally the same terms and rates that would have been obtained from other nonaffiliated parties. Reference is made to Note 5 to the Consolidated Financial Statements included in the Company's 1991 Annual Report on Form 10-K for further discussion of affiliated entity and related-party transactions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

OPERATING STATISTICS

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
Passengers carried	385,990	709,034	1,237,246	2,509,824
Revenue passenger miles (RPMs)(000)	89,867	139,675	288,449	485,714
Available seat miles (ASMs) (000)	141,114	263,666	438,839	858,768
Passenger load factor	63.7 %	53.0 %	65.7 %	56.6 %
Average ticket price	$70.76	$70.45	$69.81	$68.02
Yield per RPM	30.4 ¢	35.8 ¢	29.9 ¢	35.1 ¢
Cost per ASM	20.1 ¢	22.2 ¢	19.1 ¢	21.2 ¢
Passenger trip length (miles)	233	197	233	194
Aircraft in fleet - end of period	40	114	40	114
Cities served - end of period	26	55	26	55

General

Until January 1991, the Company, through its wholly owned subsidiaries, operated four separate regional passenger airlines and an air cargo carrier. Since January 1991, the Company has sold or shut down three of its passenger operations and its cargo operation.

Following the cessation of operations by Eastern Air Lines, Inc. ("Eastern") in January 1991, Metro Express, Inc. ("Metro Express"), a wholly owned subsidiary of Metro which operated in Atlanta in affiliation with Eastern, suspended its operations. In February 1991, Metro Express filed a petition to be liquidated under Chapter 7 of the Code.

Metro Air Northeast, Inc. ("Metro Northeast"), Metro's subsidiary which operated in the northeastern United States in affiliation with Trans World Airlines, also suspended its operations in February 1991. Metro sold all of the outstanding capital stock of Metro Northeast in March 1991.

In February 1991, Metro sold all of the outstanding capital stock of Aviation Associates, Inc. ("AAI"), the subsidiary that operated in the Caribbean.

In September 1991, Metro sold all of the outstanding capital stock of Metro Express II, Inc. ("MXII"), its subsidiary that operated solely as an air cargo carrier.

The Company's remaining operations after March 1991 consist primarily of its Metroflight, Inc. ("Metroflight") subsidiary, which operates as the American Eagle carrier at Dallas/Fort Worth in affiliation with American Airlines, Inc. ("American").

On April 1, 1991, Metro and two of its wholly owned subsidiaries, Metroflight and Metro Leasing, Inc. (collectively, the "Debtors"), filed voluntary petitions for reorganization in the United States Bankruptcy Court (the "Bankruptcy Court") under Chapter 11 of the Code. The filing was necessary due to substantial weakening of the Company's financial condition resulting from losses in the preceding two years, primarily in its Atlanta and Northeast operations. Also contributing to the losses were increased fuel prices and lower passenger traffic as a result of the war in the Persian Gulf. Each of the Debtors is in possession of its property and is being operated as a debtor-in-possession pursuant to the Code while developing a plan of reorganization.

Because of the nature and scope of the events described above, in particular the transition of the Company from a holding company operating at several locations with three major carrier affiliates to a single passenger carrier providing feeder service to one hub, the results of operations discussed below are materially different from the operating results for the third quarter and the first nine months of the previous year and are not necessary indicative of future or continuing trends. The following discussion and analysis also includes a comparison of the separate results of Metroflight, the Company's primary remaining operating subsidiary.

Three Months and Nine Months Ended January 31, 1992 and 1991

Operating revenues in the quarter ended January 31, 1992 were $27.7 million, a 46.0% decrease from the quarter ended January 31, 1991. For the nine month period, operating revenues were $88.5 million, a 49.5% decrease over the prior year. The reduction in revenues is due to a decline in RPMs, coupled with a decline in yield per RPM, resulting from the disposal of subsidiaries described above. RPMs totalled 89.9 million and 288.4 million for the third quarter and first nine months of fiscal 1992, respectively, down 35.7% and 40.6% from the comparable prior year periods. Yield per RPM declined 15.1% to 30.4 cents and 14.8% to 29.9 cents, respectively, for the three and nine month periods ended January 31, 1992. This decline is attributed in part to the historically lower yields at Dallas/Fort Worth compared to the Company's former operations at Atlanta and in the Northeast and the Caribbean, as well as a decline from the prior year in yields at Dallas/Fort Worth.

Metroflight's operating revenues for the quarter ended January 31, 1992, decreased 0.2%, as RPMs increased 0.6% and yield per RPM decreased 0.3%. For the nine months ended January 31, 1992, revenues increased 1.9% over the prior year primarily due to a 4.9% increase in RPMs, offset somewhat by a 2.9% decrease in yield per RPM. The lower yields compared to the prior year periods reflect widespread fare discounting throughout the industry in an attempt to stimulate traffic in a soft economy.

Operating expenses in the third quarter of fiscal 1992 decreased 56.5% over the prior year to $28.4 million. For the nine month period, operating expenses decreased 54.4% to $84.8 million. The decreases reflect a reduction in both capacity (as measured by ASMs) and cost per ASM. ASMs totalled 141.1 million and 438.8 million for the third quarter and first nine months of fiscal 1992, respectively, down 46.5% and 48.9% from the comparable prior year periods. Cost per ASM decreased 9.5% to 20.1 cents in the quarter ended January 31, 1992 compared to 22.2 cents in the year-earlier quarter. For the nine month period, cost per ASM decreased 9.9% to 19.1 cents, compared to 21.2 cents last year. The reduction in unit costs is attributed to the lower cost structure and better aircraft utilization in the Company's remaining operation at Metroflight as compared to the subsidiaries which were sold or liquidated, as well as to lower fuel costs in the current year following the resolution of the Persian Gulf conflict .

Metroflight's operating expenses in the third quarter of fiscal 1992 increased by 0.5% over the prior year while ASMs decreased by 3.2%. For the first nine months of fiscal 1992, operating expenses and ASMs increased by 3.4% and 1.9%, respectively, compared to the same period last year. The decrease in ASMs for the quarter ended January 31, 1992 was principally attributable to the reduction in capacity resulting from the reconfiguration of the Company's 26 Saab 340 aircraft from 34 seats to 30 seats. The increase in ASMs for the nine months ended January 31, 1992 was primarily due to the increase in Metroflight's flight activity through improved aircraft utilization, offset somewhat by the reconfiguration of the Saab aircraft. Metroflight's cost per ASM in the third quarter and first nine months of fiscal 1992 increased, respectively, by 3.6% and 1.6% from the prior year. Although fuel prices declined significantly from year-earlier levels, increases in other costs such as insurance, flight crew salaries, computer reservations charges and certain maintenance expenses, resulted in higher unit costs.

As a result of the factors discussed above, the Company recorded an operating loss of $661,000 in the quarter ended January 31, 1992, compared to an operating loss of $13.9 million in the quarter ended January 31, 1991. For the nine months ended January 31, 1992, the Company had operating income of $3.7 million, compared to an operating loss of $10.5 million a year earlier. Metroflight's operating income decreased $202,000 and $1.2 million in the three and nine month periods ended January 31, 1992, respectively, from the same periods in the prior year, principally as a result of lower yields.

Net interest expense was $30,000 and $109,000 in the three and nine month periods ended January 31, 1992, respectively, compared to $1.6 million and $4.8 million in the comparable prior year periods. Interest expense decreased considerably due to the Company's Chapter 11 filing, which allowed the Company to cease accruing interest expense on the majority of its debt. The Company incurred net reorganization credits (including interest income) of $52,000 for the quarter ended January 31, 1992 and net reorganization expense of $86,000 for the nine months ended January 31, 1992. Other income, primarily amortization of gains on sale/leaseback transactions and collection of certain receivables that had previously been written off, totalled $233,000 in the quarter ended January 31, 1992 and $1.9 million in the nine months ended January 31, 1992.

Net loss for the third quarter of fiscal 1992 was $427,000, or $.07 per common share, compared to a net loss of nearly $15.6 million, or $2.54 per common share in the year-earlier period. The Company recorded an income tax credit (including state and foreign taxes) of $127,000 in the third quarter of fiscal 1992, which was offset by an extraordinary expense of $148,000, or $.02 per share from the reversal of the utilization of net operating loss carryforwards. Net income for the nine months ended January 31, 1992 was $5.2 million, or $.85 per common share ($.64 fully diluted), compared to a net loss of $15.6 million, or $2.55 per common share in the year-earlier period. The current year net income reflects an income tax provision (including state and foreign taxes) of $2.0 million, which was partially offset by an extraordinary credit of $1.8 million, or $.29 per share ($.22 fully diluted), from the utilization of net operating loss carryforwards.

Liquidity and Capital Resources

As previously discussed under "Management's Discussion and Analysis - Results of Operations," the Debtors filed for reorganization under Chapter 11 of the Code on April 1, 1991 due to substantial weakening of the Company's liquidity and financial condition resulting from losses in the preceding two years, primarily in its Atlanta and Northeast operations. These problems were exacerbated by increased fuel prices and lower passenger traffic as a result of the war in the Persian Gulf.

As of January 31, 1992, the Company had cash and cash equivalents of $10.0 million, compared to $4.5 million at April 30, 1991. This increase is due in part to the automatic stay under the Code which enjoins the Company from paying prepetition obligations of the Debtors. In addition, the operations of the Company's primary remaining subsidiary, Metroflight, have historically been profitable. Although the Company incurred a loss in the current quarter, it has generated cumulative operating profits and positive cash flow since April 1, 1991. During the nine months ended January 31, 1992, the Company earned net income of $5.2 million and its operating activities provided $7.5 million in cash flow. Since the Chapter 11 filings, the Company has obtained trade credit terms with a number of its vendors, and the resulting increase in accounts payable and accrued liabilities provided approximately $1.7 million of the Company's cash flow from operating activities in the first nine months of fiscal 1992.

As is common in the airline industry, the Company has historically sustained a working capital deficit, in part due to the highly capital intensive nature of the industry. During recent years, the Company used internally generated funds, bank borrowings, operating lease arrangements and proceeds from public offerings of debt and common stock to expand and provide the working capital necessary for its operations. As a result of the Chapter 11 filings and the reclassification of liabilities subject to Chapter 11 proceedings as noncurrent, the Company had positive working capital of $7.5 million at January 31, 1992.

Based on current projections, the Company believes that cash flow from Metroflight's operations will be sufficient to meet its ongoing operating and capital requirements in fiscal 1992. However, the failure of Metroflight to continue to generate positive cash flow from operations would have a material adverse effect on the Company's ability to meet its obligations. See "Legal Proceedings" for a discussion regarding the terms of Metroflight's contract with American and American's attempt to have such contract held unenforceable. The Company believes that the loss of its affiliation with American would have a material adverse effect on Metro and Metroflight.

The Company currently has no available borrowing capability and no assurance can be given that the Company would be able to obtain debtor-in-possession financing if it were needed. Other than Metroflight's office and maintenance facility at Dallas/Fort Worth and certain spare parts (which cannot be pledged without the consent of the Company's primary bank lender), the Company has no significant unencumbered assets that could be sold or pledged to raise additional cash.

As discussed in the Company's Form 10-K for the year ended April 30, 1991, in order for the Debtors to reorganize and emerge from Chapter 11, the Debtors must file and obtain confirmation of a plan of reorganization. Such plan must address the repayment or other resolution of the Debtors' prepetition obligations. Although the Company is currently preparing a proposed plan of reorganization, there can be no assurance that, if submitted, such plan will be confirmed. Such plan may involve issuance of new debt instruments and/or equity securities as satisfaction of prepetition obligations, which could result in substantial dilution of the interests of Metro's current equity holders.

The Company estimates it has approximately $65 million of prepetition liabilities subject to compromise, including approximately $40 million of debt obligations. Creditors have submitted claims for prepetition liabilities and certain creditors have asserted that amounts owed are substantially greater than the Company estimates. Resolution of these claims may require litigation. The Company is unable to predict the ultimate outcome of any such disputes.

With certain exceptions under the Code, the Chapter 11 filings operate as an automatic stay against the commencement or continuation of any judicial, administrative, or other proceedings against the Debtors, any act to regain possession of property of or from the Debtors or any act to create, perfect or enforce any lien against property of the Debtors. Pursuant to provisions of the Code, liabilities arising prior to the Chapter 11 filings may not be paid without prior approval of the Bankruptcy Court. The Company has paid certain prepetition obligations with Bankruptcy Court approval, including certain maintenance expenses, employee wages and benefits, and certain passenger claims and refunds. Under the Code, the Company is required to pay substantial expenses associated with the Chapter 11 proceedings.

Under Section 365 of the Code, the Company had to assume all unexpired leases of non-residential real property within 60 days of the filing or, absent an extension from the Bankruptcy Court, such leases would have been deemed rejected. The Company has obtained an extension of such 60-day deadline up to and including the date of the confirmation of a plan of reorganization, subject to further order of the Bankruptcy Court. Under Section 365 of the Code, all other executory contracts and leases must be assumed or rejected before the confirmation of a plan of reorganization. However, parties to the Debtors's executory contracts and leases are allowed to file motions with the Bankruptcy Court to require the Debtors to affirm or reject such executory contracts or leases by a specific date. Assumption of any of the Company's executory contracts or leases will require the Company to cure all prior defaults under the contracts or leases. Rejection of a contract or lease constitutes a breach of the contract or lease, giving the other party to the contract a right to assert a prepetition claim against the Company for the damages arising out of the breach. The Company is in the process of reviewing its executory contracts and leases and will make a determination as to the assumption or rejection of its executory contracts and leases over the next several months.

All of the aircraft currently used by the Company are leased. The Company has rejected the leases covering five Gulfstream G-1C aircraft which the Company withdrew from service during the fourth quarter of fiscal 1991. The Company is negotiating with the lessors of its remaining aircraft concerning the terms and conditions under which it might retain such aircraft; however, at this time it has not completely determined which aircraft-related agreements it will assume or reject.

In the absence of reaching other acceptable arrangements with its lessors, arrearages on aircraft lease agreements assumed by the Company are required to be paid in full at the time of assumption. The lessors under those agreements that the Company rejects are entitled to claim damages as a result of the breach of their contracts. The Company estimates that prepetition arrearages on aircraft currently being used total approximately $6.7 million. As required by the Code, the Company has timely made all postpetition lease payments for aircraft operated postpetition under leases which have not been affirmed or rejected.

The Company has no commitments for the acquisition of additional aircraft or for other significant capital expenditures. Capital expenditures, primarily for rotable parts and ground equipment purchases and improvements to leased aircraft, totalled $2.0 million in the nine months ended January 31, 1992.

On March 21, 1991, Metro sold all of the outstanding capital stock of Metro Northeast to ZAL Airlines Holding, Inc. ("ZAL"). The sales price was approximately $3.9 million and consisted of a short-term promissory note from ZAL, which note is guaranteed by Metro Northeast and its subsidiaries and is secured by a pledge of all of the capital stock of Metro Northeast and the assets of Metro Northeast and its subsidiaries. ZAL defaulted on payment of the promissory note, and on May 31, 1991 ZAL and Metro Northeast and its subsidiaries filed for reorganization under Chapter 11 of the Code in the United States Bankruptcy Court for the Western District of New York. The Company has pursued its claims against ZAL and Metro Northeast and its subsidiaries in their bankruptcy proceedings and has reached an agreement with them and their official unsecured creditors' committee under which the Company's claim for the balance of the note has been compromised and settled in exchange for the release of the

Company's liens. Under the settlement agreement, which has been approved by the Bankruptcy Court in New York, the Company will receive cash of $100,000, equity in a spare engine of approximately $116,000 and spare parts valued at approximately $2.1 million. The effects of the settlement of the note, which was fully reserved in fiscal 1991, have not been recorded in the accompanying financial statements.

During the nine months ended January 31, 1992, the Company received cash of approximately $750,000 and rotable parts worth approximately $675,000 as payments on the note from ZAL, which were recorded as other income in the Company's income statement.

PART 2. - OTHER INFORMATION

Item 1. Legal Proceedings

The Company's affiliation with American is established under and governed by certain code-sharing and other services agreements (the "American Agreements"), the initial terms of which extend until November 1992, unless terminated by either party before that time under various conditions. In addition, the Company and American have entered into additional agreements that the Company contends provide for a ten-year extension of the American Agreements to November 2002 (the "Extension Agreements").

In May 1991, American filed a declaratory judgment action in the Bankruptcy Court requesting a ruling that the Extension Agreements signed by American are unenforceable and that American has no obligation to negotiate or agree with Metro and Metroflight (collectively, "Defendants") for American Eagle service at Dallas/Fort Worth after November 1992 (the "Ten-Year Contract Claim"). The Defendants answered by denying American's assertions and countersuing for a declaratory judgment that a ten-year extension of the American Agreements is enforceable or, alternatively, that American is obligated to enter into a new ten-year term of the American Agreements. The Defendants have also requested damages for breach of the Extension Agreements and American's fraudulent or negligent misrepresentation regarding its intent to extend the American Agreements for ten years. Further, the Defendants seek an injunction preventing American from violating the antitrust laws by unlawfully using its market power to attempt to eliminate competition at Dallas/Fort Worth (the "Antitrust Claim") and damages for the value of property or obligations incurred because of American's false representations (the "Fraudulent Transfer Claim"). Finally, Metro and Metroflight are seeking damages for breach of another agreement by American to give Metro the right to become the American Eagle carrier at Miami, Florida and for damages sustained by Metro because of American's misrepresentations in promising Metro the right to become the Miami American Eagle. Alternatively, Metro and Metroflight seek to compel American to enable Metro to become the Miami American Eagle.

American filed for a judgment on the pleadings regarding the Ten-Year Contract Claim, the Antitrust Claim and the Fraudulent Transfer Claim. In addition, American moved to strike

Metro's and Metroflight's affirmative defenses to its claims under the declaratory judgment action. The Bankruptcy Court elected to treat American's motion for judgment on the pleadings regarding the Ten-Year Contract Claim and motion to strike the Defendants' affirmative defenses as a motion for summary judgment, which motion was argued before the Bankruptcy Court on December 16, 1991. On January 31, 1992, the Bankruptcy Court denied American's motion for summary judgment with respect to the Ten-Year Contract Claim. A trial regarding these matters is currently scheduled for April 27, 1992; however, no discovery has occurred in the case.

Reference is made to Item 3, Legal Proceedings, in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 1991 for a description of other legal proceedings involving the Company.

Item 3. Defaults Upon Senior Securities

As a result of its bankruptcy filings, the Company is in default under the terms of substantially all of its leases, notes, debentures and other material agreements. The amount of such defaults is not readily determinable. The Company is protected by the bankruptcy proceedings from default remedies.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 6. Exhibits and Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the quarter ended January 31, 1992.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 5, 1992

METRO AIRLINES, INC.
(Registrant)

Brian K. Miller

Brian K. Miller
Senior Vice President
Chief Financial Officer

Q 22084

[redacted]

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Q-35407

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarter Ended January 31, 1992 Commission File Number 0-5571

0
92-2247

Metrocorp, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

36-2786335
(I.R.S. Employer Identification No.)

1523 Eighth Street, East Moline, Illinois
(Address of principal executive offices)

61244
(Zip Code)

Registrant's telephone number, including area code (309)755-0671

N/A
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

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PROCESSING SECTION

APPLICABLE ONLY TO ISSUERS INVOLVED
IN BANKRUPTCY PROCEEDINGS DURING
THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, of 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ___ No ___ N/A X

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

174,733 shares of $2.00 par value common stock as of January 31, 1992.

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METROCORP, INC. AND SUBSIDIARIES

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PART I

FINANCIAL INFORMATION
METROCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

ASSETS	January 31, 1992	October 31, 1991
Cash and due from banks, non-interest bearing	$ 11,092	$ 9,189
Federal funds sold	---	---
Investment securities (Market value 1991 $142,809; 1990 $114,416)	144,635	137,407
Loans	61,289	60,703
Less:		
Allowance for loan losses	<459>	<415>
Unearned discount	<1,706>	<1,721>
Net Loans	59,124	58,567
Bank premises and equipment, net	4,054	4,157
Other assets	3,870	3,395
Intangible assets	866	887
Total assets	$ 223,641	$ 213,682
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$ 16,587	$ 14,050
Interest bearing	180,086	177,865
Total deposits	196,673	191,915
Federal funds purchased and securities sold under agreements to repurchase	9,325	3,395
Other liabilities	1,696	2,889
Total liabilities	207,694	198,199
STOCKHOLDERS' EQUITY		
Common stock (300,000 shares authorized; 248,503 issued; $2.00 par value)	497	497
Surplus	4,678	4,678
Retained earnings	12,360	11,890
	17,535	17,064
Treasury stock-at cost (1991 73,670 shares; 1990 69,302 shares)	<1,588>	<1,581>
Total stockholders' equity	15,947	15,483
Total liabilities and stockholders' equity	$ 223,641	$ 213,682

See Notes to Condensed Consolidated Financial Statements.

METROCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED/IN THOUSANDS)
Three Months Ended January 31, 1992 and 1991

	1992	1991
INTEREST INCOME		
Interest and fees on loans	$1,526	$1,909
Interest in investment securities:		
Taxable	2,688	2,568
Nontaxable	311	23
Other interest income	1	113
Total interest income	$ 4,526	$ 4,613
INTEREST EXPENSE		
Interest on deposits	$ 2,565	$ 3,054
Other interest	67	54
Total interest expense	$ 2,632	$ 3,108
Net interest income	$ 1,894	$ 1,505
Provision for possible loan losses	45	8
Net interest income after provision for loan losses	$ 1,849	$ 1,497
OTHER INCOME		
Fees for customer services	$ 166	$ 75
Other Operating Income	116	177
	$ 282	$ 252
OTHER EXPENSES		
Salaries and employee benefits	$ 645	$ 639
Other expense	774	735
	$ 1,419	$ 1,374
Income or loss before income taxes and minority interest	$ 712	$ 375
Income taxes (credits)	130	77
Net Income	$ 582	$ 298
Net income per share	$ 3.33	$ 1.68
Weighted average common shares outstanding	174,733	177,600

See Notes to Condensed Consolidated Financial Statements.

METROCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED/IN THOUSANDS)
Three Months Ended January 31, 1992 and 1991

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 502	$ 298
Adjustments to reconcile net income to net cash (used in) operating activities:		
Depreciation	119	81
Provision for possible loan losses	45	8
Amortization	42	17
(Increase) decrease in other assets	<475>	<1,297>
(Decrease) in other liabilities	<1,193>	2,248
Net cash (used in) operating activities	<880>	1,355
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in federal funds sold	$ -	$ <8,150>
Proceeds from sale and maturity of investment securities	4,860	13,887
Purchase of investment securities	<12,200>	<11,836>
Pincipal collected on loans net of loans originated	<557>	<25,405>
Purchases of bank premises and equipment	103	<866>
Net cash provided by (used in) investing activities	$ <7,794>	$ <32,370>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) in non-interest bearing deposits	$ 2,537	$ 1,500
Net increase (decrease) in interest bearing deposits	2,221	33,749
Net increase in federal funds purchased and securities sold under agreements to repurchase	5,930	175
Purchase of treasury stock	---	<123>
Cash dividends paid	<111>	<111>
Net cash provided by (used in) financing activities	$ 10,577	$ 35,190
Net increase (decrease) in cash and due from banks	$ 1,903	$ 4,175
Cash and due from banks, beginning of period	$ 9,189	$ 9,990
Cash and due from banks, end of period	$ 11,092	$ 14,165

See Notes to Condensed Consolidated Financial Statements.

METROCORP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
January 31, 1992

Note 1. Basis of Overall Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position, results of Operations and cash flow for the periods indicated have been included. For further information, refer to the consolidated financial statements and footnotes thereto included in the Metrocorp, Inc. annual report on Form 10-K for year ended October 31, 1991.

Note 2. Basis of October 31, 1991 Presentation

The financial statements as of October 31, 1991 have been derived from the audited financial statements at that date.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

Total assets increased $9,959,000 from October 31, 1991. The major components of this increase are $7,148,000 increase in investment securities, $557,000 increase in loans and $1,903,000 increase in cash and due from banks.

The $7,148,000 increase in investment securities is a result of the registrant's desire to position themselves to take advantage of the alternative minimum tax by purchasing high yield municipal bonds. The $557,000 increase in loans is due to the high demand for low interest rate loans and management's concentrated marketing efforts to generate new installment and real estate loans.

Total liabilities as of January 31, 1992 amounted to $207,694,000 compared to $198,199,000 as of October 31, 1991.

Federal funds purchased increased $5,930,000 from $3,395,000 in October 31, 1991 to $9,325,000 in January 31, 1992. The additional funds purchased were used to assist in financing tax free securities purchased during the same period of time.

Stockholders' equity as of January 31, 1992 amounted to $15,947,000 compared to $15,483,000 as of October 31, 1991. The Company's Tier 1 leverage ratio is 6.90% as of January 31, 1992.

Result of Operations

Net income for the three months ended January 31, 1992 totaled $582,000, an increase of $284,000 from the $298,000 reported for the same period last year. Total interest income decreased $92,000 over 1991 due to the run off of loans acquired from the RTC transactions. Total interest expense decreased $476,000 to $2,632,000 in 1992 compared to $3,108,000 in 1991. This decrease is a result of lower rates currently paid on deposits. During the same period in 1991, Metrocorp incurred higher than normal interest expense due to the RTC transactions and the inability to immediately terminate payment of high interest rates paid by the savings and loans acquired. Other income increased $30,000 from $252,000 in 1991 to $282,000 in 1992. This increase is the result of the registrant's larger deposit base due partially from the RTC transactions and a slight increase in service fees.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceedings.

Item 2. Changes in Securities

There have been no changes in securities.

Item 3. Defaults upon Senior Securities

There are no defaults upon senior securities.

Item 4. Submission of Matters to a Vote of Security Holders

The annual stockholders' meeting for Metrocorp, Inc. was held on December 16, 1991 for the purpose of electing directors. The following directors were re-elected for a one year term ending December 1992.

Gary D. Andersen
Karl H. Janitzky
Dan Ligiro
Robert V. Lofgren
Ben H. Lyan, Chairman
Rinnah A. Warren
Don E. Williams
Glenn A. Wilson
Julius J. Van Paemel

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

There were no Form 8-K filed during the three months ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

METROCORP, INC.

By______________________________

Gary D. Andersen, Vice President

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED: March 31, 1992   COMMISSION FILE #: 2-67918-NY

MIKROS SYSTEMS CORPORATION
(Exact Name of Registrant as Specified in Charter)

DELAWARE	141598200
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification#)

3490 U.S. Route 1, Princeton, NJ 08540
(Address of Principal Executive Offices, Including Zip Code)

Registrant's Telephone Number, Including Area Code: 609-987-1513

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X]Yes   [ ]No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AT March 31, 1992
COMMON STOCK, PAR VALUE $.01	4,357,108 SHARES
CONVERTIBLE PREFERRED STOCK, PAR VALUE $.01	1,005,000 SHARES
SERIES B PREFERRED STOCK PAR VALUE $.01	1,131,663 SHARES
SERIES C PREFERRED STOCK PAR VALUE $.01	5,000 SHARES

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MIKROS SYSTEMS CORPORATION

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AIARDS SYSTEMS CORPORATION
BALANCE SHEETS

ASSETS	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT ASSETS		
Cash	$179,386	$159,273
Accounts Receivable	312,822	206,172
Unbilled Receivables	67,862	141,088
Inventories	20,456	27,828
Other Current Assets	7,131	7,455
TOTAL CURRENT ASSETS	587,657	541,816
FURNITURE AND EQUIPMENT		
Equipment	290,063	283,807
Furniture & Fixtures	35,906	35,906
Leasehold Improvements	4,477	17,596
Automobiles	8,078	8,078
	$338,524	$345,387
Less: Accumulated Depreciation	(270,843)	(283,045)
NET FURNITURE AND EQUIPMENT	$67,681	$62,342
SECURITY DEPOSITS	3,649	5,370
PATENT COSTS, NET	19,035	18,548
TOTAL ASSETS	$678,022	$628,076

LIABILITIES AND DEFICIENCY IN ASSETS	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT LIABILITIES		
Accounts Payable	$100,622	$176,028
Debt Callable by Lenders	963,750	963,750
Notes Payable-Current	16,875	18,916
Accrued Payroll and Payroll Taxes	13,644	18,810
Accrued Interest	115,415	81,316
Accrued Expenses	169,670	97,385
Income Taxes Payable	18,850	18,850
TOTAL CURRENT LIABILITIES	$1,398,826	$1,375,055
NOTES PAYABLE-NONCURRENT	1,875	2,500
COMMITMENTS AND CONTINGENCIES		
MANDATORILY REDEEMABLE SERIES C PREFERRED STOCK par value $.01 per share, authorized 150,000 shares issued and outstanding 5,000 shares in 1992 & 1991	59,400	54,700
DEFICIENCY IN ASSETS		
Common Stock, par value $.01 per share, authorized 20,000,000 shares, issued & outstanding 4,357,108 shares in 1992 & 1991	43,571	43,571
Preferred Stock, convertible, par value $.01 per sh., authorized 2,000,000 shares, issued and outstanding 1,005,000 shares in 1992 & 1991	10,050	10,050
Preferred Stock, Series B convertible par value $.01 per share, authorized 1,200,000 shares, issued and outstanding 1,131,643 shares in 1992 & 1991	11,316	11,316
Capital in excess of Par	9,009,989	9,014,689
Accumulated Deficit	(9,857,005)	(9,883,805)
TOTAL DEFICIENCY IN ASSETS	($782,079)	($804,179)
TOTAL LIABILITIES & DEFICIENCY IN ASSETS	$678,022	$628,076

See Notes to Financial Statements

Mikros Systems Corporation
Statements of Deficiency in Assets
(Unaudited)

	Common Stock $.01 Par Value		Preferred Stock $.01 Par Value		Preferred Stock B $.01 Par Value				
	Number of shares	Par Value	Number of shares	Par Value	Number of shares	Par Value	Unearned Portion of Employee Common Stock Grants	Capital in excess of Par	Accumulated Deficit
Balance-December 31, 1989	4,357,100	$43,571	1,005,000	$10,050	1,131,663	$11,316	$63,594	$9,045,439	($9,891,151)
Year ended December 31, 1990:									
Amortization of common stock grants to employees	-	-	-	-	-	-	(32,000)	-	-
Accretion on Preferred Stock Series C	-	-	-	-	-	-	-	(14,150)	-
Net Loss	-	-	-	-	-	-	-	-	(88,753)
Balance-December 31, 1990	4,357,100	$43,571	1,005,000	$10,050	1,131,663	$11,316	$31,594	$9,031,289	($9,979,904)
Year ended December 31, 1991:									
Amortization of common stock grants to employees	-	-	-	-	-	-	(31,594)	-	-
Accretion on Preferred Stock Series C	-	-	-	-	-	-	-	(16,600)	-
Net Income	-	-	-	-	-	-	-	-	96,099
Balance-December 31,1991	4,357,100	$43,571	1,005,000	$10,050	1,131,663	$11,316	$0	$9,014,689	($9,883,805)
Three months ended March 31,1992:									
Accretion on Preferred Stock Series C								(4,700)	
Net Income									26,800
Balance-March 31,1992	4,357,100	$43,571	1,005,000	$10,050	1,131,663	$11,316	$0	$9,009,989	($9,857,005)

MIKROS SYSTEMS CORPORATION
STATEMENTS OF OPERATIONS
(Unaudited)
THREE MONTHS ENDED

	3/31/92	3/31/91
Revenues		
Hardware Sales	$123,230	$103,223
Contract Research and Development	551,073	508,785
Total Revenues	$674,303	$612,008
Cost of Sales		
Hardware Sales	45,040	39,699
Contract Research and Development	410,453	384,499
Total Cost of Sales	455,493	424,198
Gross Margin	$218,810	$187,810
Operating Expenses		
Selling, General and Administrative	157,240	157,631
Interest	34,770	36,570
Total Operating Expenses	$192,010	$194,201
Operating Income (Loss)	26,800	(6,391)
Other (Income) Expenses	0	10,531
Net (Loss)	$26,800	($16,922)
Income(Loss)per share	$0.01	($0.01)
Weighted average number of shares outstanding	4,357,108	3,848,358

See Notes to Financial Statements

MIKROS SYSTEMS CORPORATION
STATEMENTS OF CASH FLOWS
(Unaudited)
Three Months Ended

	03/31/92	03/31/91
Cash Flows provided (used) by Operating Activities		
Net Income(Loss)	$26,800	($16,922)
Adjustments to reconcile net income(loss) to net cash provided (used) by operating activities		
Depreciation	5,394	3,794
Vested Portion of Stock Grants Issued	0	10,532
Net changes in operating assets and liabities		
(Increase) in Accounts Receivable	(33,424)	(103,708)
(Increase) Decrease in Inventory	7,372	(30,851)
(Increase) in Other Current Assets	2,045	(8,868)
Increase (Decrease) in Accounts Payable	(75,406)	(80,262)
Increase (Decrease) in Accrued Payroll	(5,166)	22,126
Increase in Accrued Expenses	106,384	49,184
Increase in Deferred Credits	0	70,657
Net Cash provided (used) by Operating Activities	33,999	(84,318)
Cash Flows used by Investing Activities		
Fixed Asset Purchases	(10,733)	(14,396)
Patents	(487)	(4,211)
Net Cash used by Investing Activities	(11,220)	(18,607)
Cash Flows provided (used) by Financing Activities		
Payments on Short Term Debt	(2,666)	(9,505)
Net Cash provided (used) by Financing Activities	(2,666)	(9.505)
Net Increase (Decrease) in Cash	20,113	(112,430)
Cash at Beginning of Period	159,273	146,181
Cash at End of Period	$179,386	$33,751

Supplemental disclosure of cash flow information:

Cash Paid during the quarter for interest	$671	$36,161

See Notes to Financial Statements

MIKROS SYSTEMS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

NOTE A - BASIS OF PRESENTATION:

As permitted by rules of the Securities and Exchange Commission applicable to quarterly reports on Form 10-Q, these notes are condensed and do not contain all disclosures required by generally accepted accounting principles. Reference should be made to the financial statements and related notes included in the Company's 1991 Annual Report on Form 10-K.

In the opinion of the management of Mikros Systems Corporation, the accompanying financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the Company's financial position at March 31, 1992, the changes in deficiency in assets, and the results of operations, and cash flows for the three month periods ended March 31, 1992 and 1991.

The results disclosed in the Statements of Operations for the three months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

NOTE B - NOTES AND LOANS PAYABLE:

(1) Outstanding Debt is summarized as follows:

	03/31/92	12/31/91
Debt Callable by Lenders	$963,750	$963,750
Other Notes Payable	18,750	21,416
	$982,500	$985,166

(2) 1988-1989 Financing

The Company entered into a Loan Agreement April 26, 1988 with Bishop Capital, L.P., Springfield, New Jersey ("Bishop") pursuant to which the Company could borrow up to $500,000, subject to the ability of Bishop to obtain participants in the loan, for a term of 5 years at an annual interest rate of 14% (the "Bishop Loan"). The Loan Agreement provides that Bishop receive a warrant to purchase, for $.10 per share, 10 shares of the Company's common stock for each $1.00 of loan principal and, for $1.00 per share, 1 share of the Company's Series C Preferred Stock for each $10.00 of loan principal. Such warrants have a term of 6 years and entitle their holders to certain rights to require the Company to register the common stock issuable thereunder under the Securities Act of 1933 as amended. The Company received proceeds from the Bishop Loan in the amount of $450,000. Additionally, the Company issued to Bishop and other participants in the Bishop Loan warrants to purchase 4,500,000 shares of the Company's common stock for $.10 per share, and warrants to purchase 45,000 shares of the Company's Series C Preferred Stock for $1.00 per share.

The Company entered into an Investment Agreement June 30, 1988, as amended, with Unicorn Ventures, Ltd., a New Jersey limited partnership and Unicorn Ventures II, L.P., a Delaware limited partnership (collectively, "Unicorn") pursuant to which the Company has borrowed $200,000 (the "Unicorn Loan"). The Unicorn Loan is for a term of 5 years and bears interest at an annual rate of 14%. The Investment Agreement entitles Unicorn to receive warrants to purchase the Company's common stock and Series C Preferred Stock on the same basis as described above in connection with the Bishop Loan. The Company has issued to Unicorn warrants to purchase 2,000,000 shares of the Company's common stock for $.10 per share, and warrants to purchase 20,000 shares of the Company's Series C Preferred Stock for $1.00 per share.

On September 30, 1988, Renaissance Holdings PLC ("Renaissance") became party to the Investment Agreement as described above, pursuant to which the Company has borrowed $250,000 evidenced in part by a Promissory Note dated September 30, 1988 bearing an interest rate of 14% per annum. The Investment Agreement also entitles Renaissance to receive warrants to purchase 2,500,000 shares of the Company's Common Stock at $.10 per share (for which Renaissance agreed to pay $25,000), and 25,000 shares of Series C Preferred Stock at $1.00 per share. On April 14, 1989, Renaissance provided an additional $50,000 of investment money to the Company, evidenced by a Promissory Note bearing the same interest rate and terms of the February 20, 1989 Promissory Note. As of April 15, 1989, the Company has issued to Renaissance warrants to purchase 3,000,000 shares of the Company's common stock for $.10 per share (with Renaissance paying $25,000 for the warrant to purchase 2,500,000 shares of the Company's common stock at $.10 per share), and the Company has also issued to Renaissance warrants to purchase 30,000 shares of the Company's Series C Preferred Stock for $1.00 per share.

On March 31, 1989, Gartmore Information and Financial Trust PLC (Gartmore) became party to the Investment Agreement as described above, pursuant to which the Company has borrowed $50,000 evidenced in part by a Promissory Note dated March 28, 1989, bearing an interest rate of 14% per annum. The Investment Agreement also entitles Gartmore to receive warrants to purchase 500,000 shares of the Company's common stock for $.10 per share and warrants to purchase 5,000 shares of the Company's Series C Preferred Stock for $1.00 per share. As of April 15, 1989, the Company has issued warrants to purchase 500,000 shares of common stock at $.10 per share, and warrants to purchase 5,000 shares of Series C Preferred Stock at $1.00 per share.

In April 1990, Bishop and Renaissance each loaned, on a secured basis, an additional $22,500 evidenced by Note Purchase Agreements and Promissory Notes (the "1990 Financing"). The 1990 Financing was made on the same terms as the 1988-1989 Financing, with the exception that warrants to purchase seventeen shares of common stock exercisable at $0.10 per share for each $1.00 of loan principal were issued in conjunction with the 1990 Financing whereas warrants to purchase ten shares of common stock at $0.10 per share for each $1.00 of loan principal were issued in conjunction with the 1988-1989 Financing. Accordingly, the Company has issued to each of Bishop and Renaissance warrants to purchase 382,500 shares of the Company's Common Stock exercisable at $.10 per share and warrants to purchase 2,250 shares of the Company's Series C Stock exercisable at $1.00 per share.

The proceeds of the above-described loans have been fully utilized by the Company for repayment of indebtedness and for general working capital purposes.

As security for the Bishop Loan,the Unicorn Loan, the Renaissance Loan, and the Gartmore Loan, the Company granted to Bishop, Unicorn, Renaissance, and Gartmore a security interest in all of its assets.

On January 24, 1991, Renaissance consummated the acquisition of substantially all of the loan and equity interests of Bishop and Unicorn in the Company. Pursuant to such transactions, Renaissance acquired promissory notes of the Company in the aggregate principal amount of $613,125, warrants to purchase 6,182,500 shares of Common Stock of the Company, warrants to purchase 60,250 shares of Series C Stock, of the Company and all of Bishop's and Unicorn's loan and equity rights in the Company, including without limitation, rights under loan agreements, registration agreements, co-sale agreements and security agreements.

Upon the consummation of such transaction, Renaissance is the beneficial owner of 10,115,000 shares of Common Stock, representing 66.9% of such class of stock. This amount includes 10,065,000 shares of Common Stock issuable upon the exercise of warrants. If Renaissance were to exercise such warrants, it would hold approximately 70.1% of the issued and outstanding Common Stock. If this were to occur the Company's ability to obtain government contracts could be severely impaired due to Defense Department restrictions on foreign ownership.

Renaissance is also the beneficial owner of 97,500 shares of Series C Preferred Stock, representing 89.0% of such class of stock. All of these 97,500 shares of Series C Preferred Stock are issuable upon the exercise of warrants. If Renaissance were to exercise such warrants, it would hold approximately 95.1% of the issued and outstanding Series C Preferred Stock.

In addition to the transactions described above, Renaissance has waived the following rights which were acquired through the acquisition of the Bishop and Unicorn loan and equity interests: (1) any right to designate additional directors to the Board of Directors of the Company and (ii) any right to designate a majority of the directors to the Board of Directors of the Company in the event of a default under the terms of the documents evidencing the loans from Renaissance to the Company. Such waivers shall terminate upon the actual ownership (as opposed to beneficial ownership) by Renaissance of a majority of the voting stock of the Company. Renaissance has retained its right to designate 2/7ths of the members of the Board of Directors of the Company (regardless of the total size of such Board).

During 1991, the Company could not make principal payments on its debt agreements, but made interest payments due through June 30, 1991. Interest due through March 31, 1992 in the amount of approximately $112,000 has not been paid to Renaissance ($96,000) and Gartmore ($16,000) and therefore, the Company is in default under the Loan/Investment Agreement. Including interest, the company owes Renaissance and Gartmore approximately $1,013,000 and approximately $63,000 respectively, under the loan agreement. Renaissance was pronounced in administrative receivership in June 1991, and Mikros is attempting to restructure the loan with the appointed receiver with no success thus far.

Further, the Company has been unable to obtain a consent for deferral from either Renaissance or Gartmore of the payments due. Because no such consents have been received, the Company is in default under the respective loan/investment agreements.

The Company must obtain additional or restructured financing to repay debt. The Company continues to seek such financing in order to meet future required debt payments and to fund operations. There can be no assurance of its receiving such financing. Based on the 1992 cash flow analysis the Company projects that it will be unable to meet it's required principal payments in 1992 and, accordingly, all long-term debt has been classified as current. Without additional financing there is substantial doubt about the Company's ability to fund operations and to remain a going concern.

NOTE C - INVENTORIES:

Inventories at March 31, 1992 are stated at the lower of cost or market, computed on the first-in, first-out method.

Part I. Item II.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVENUE

Total revenues were $674,303 for the quarter ended March 31, 1992 compared to $612,008 for the same period in 1991, an increase of 10.2%. Hardware revenues were $123,230 for the quarter ended March 31, 1992 compared to $103,223 in the 1991 period, an increase of 19.4%. The increase from year to year in hardware revenues is due mainly to higher sales of SO/5 CPU boards to Bendix Test Systems Division.

Contract research and development revenues were $551,073 and $508,785 in the quarters ended March 31, 1992 and 1991, respectively, an increase of 8.3% due to more revenues from government funded contracts as a result of increased effort.

COST OF SALES

Hardware cost of sales for the quarter ended March 31, 1992 was $45,040 (36.5% of revenue) compared to $39,699 (38.5% of revenue) in the quarter ended March 31, 1991. The decrease in cost of sales as a percent of revenue is due primarily to higher selling prices in the 1992 period.

Contract research and development cost of sales was $410,453 (74.5% of revenue) for the quarter ended March 31, 1992 versus $384,499 (75.6% of revenue) for the same period in 1991. The decrease in cost as a percent of sales is due to greater coverage of fixed overhead costs which results from the increase in revenue.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, General and Administrative expenses were substantially unchanged at $157,240 and $157,631 in the quarters ended March 31, 1992 and 1991, respectively.

NET INCOME

The Company reported net income of $26,800 for the quarter ended March 31, 1992 compared to a loss of $16,922 for the same period in 1991. The improvement is due mainly to increased revenues and improved margins referred to above.

Loan agreement. Renaissance was pronounced in administrative receivership in June 1991, and Mikros is attempting to restructure the loan with the appointed receiver. Further, the Company has been unable to obtain a consent for deferral from either Renaissance or Gartmore of the payments due. Because no such consents have been received, the Company is in default under the respective Loan/Investment agreements.

The Company needs additional or restructured financing to repay debt and there can be no assurance of receiving such financing. Based on the Company's 1992 projected cash flow analysis cash flow will be insufficient to meet required principal payments and accordingly, all long-term debt is classified as current debt. Without additional or restructured financing there is substantial doubt about the Company's ability to fund operations and to remain a going concern.

A substantial portion of the Company's costs and expenses is represented by labor and related benefits. Such costs are recovered against R & D contracts with the government. They are paid by the Company monthly prior to the submission of invoices to the Federal government. Historically, any delays have not been significant and have not had a detrimental effect on the Company's operations. The Company believes that this will continue to be the case.

In addition, the Company had net cash provided from generating of $33,9999 in the quarter ended March 31, 1992 as compared to cash used by operating of $84,318 in the quarter ended March 31, 1991.

Part II. Other Information

Item 3. Defaults Upon Senior Securities

Except for the principal payments which were made in September 1989, the Company has been unable to make any required principal payments on its debt agreements. The company has not made principal or interest payments to either Gartmore or Renaissance which were due at March 31, 1992 and therefore is in default under the Loan and Investment Agreements. Under the agreements, Gartmore and Renaissance are owed approximately $62,000 and $1,013,000 respectively.

Item 6. Exhibits and reports on Form 8-K.

a) Exhibits. None.
b) Reports on Form 8-K No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MIKROS SYSTEMS CORPORATION
(Registrant)

Dated: May 11, 1992

Thomas J. Meaney, President

Joseph R. Benek

Joseph R. Benek, Director of Finance

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Q92-2247

REC'D S.E.C.
MAR 16 1992
137

For the Quarter Ended
January 31, 1992

Commission File
0-10193

PIEZO ELECTRIC PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

5/19

Delaware
(State or other jurisdiction of incorporation or organization)

04-2718704
(I.R.S. Employer Identification No.)

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Q-Data Corp. - St. Petersburg, FL

212 Durham Avenue, Metuchen, New Jersey 08840
(address of principal executive offices)

(908) 548-2800
(Registrant's telephone number, including are

Not Applicable
(Former name, former address and former fiscal year, if changed)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

Indicate the number of shares outstanding of each of the issuer's classes of stock, as of the latest practicable date.

Class	Outstanding at January 31, 1992
Common Stock, $.01 par value	3,300,425
Cumulative Convertible Preferred Stock, $1.00 par value (1)	37,476
Series A Cumulative Convertible Preferred Stock, $1.00 par value (1)...	325,000

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(1) The Company has outstanding as of January 31, 1992, a total of 37,476 shares of Cumulative Convertible Preferred Stock, each of which is convertible into 4/10ths of a share of Common Stock, and 325,000 shares of unregistered Series A Cumulative Convertible Preferred Stock, each of which is convertible into 5 shares of Common Stock.

PIEZO ELECTRIC PRODUCTS, INC.

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PART 1 - FINANCIAL INFORMATION

PIEZO ELECTRIC PRODUCTS, INC.

CONDENSED BALANCE SHEETS

	January, 31, 1992 (Unaudited)	October, 31, 1991
ASSETS		
Current Assets:		
Cash and deposits earning interest	$ 2,580	$ 32,762
Accounts receivable:		
Trade, less allowances	437,817	383,058
Other	7,274	65,773
Inventories	729,753	672,988
Prepaid expenses	38,903	13,135
Total current assets	1,216,327	1,167,716
Property, plant and equipment, net	196,487	228,204
Other assets	34,850	34,850
	$ 1,447,664	$ 1,430,770
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 732,046	$ 642,910
Debentures due	30,000	30,000
Current portion of indebtedness	19,300	250,660
Accrued expenses	167,710	286,382
Total current liabilities	949,056	1,209,952
Long term debt	118,000	169,340
Stockholders' Equity:		
Cumulative convertible preferred stock	37,476	37,476
Series A cumulative convertible preferred stock	325,000	--
Common stock	33,005	33,002
Additional paid-in capital	38,465,871	38,465,673
Accumulated deficit	(38,480,744)	(38,484,673)
	380,608	51,478
Treasury stock (donated, 12,461 shares)	--	--
Total Stockholders' Equity	380,608	51,478
	$ 1,447,664	$ 1,430,770

See accompanying notes to condensed financial statements

PIEZO ELECTRIC PRODUCTS, INC.

CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended January, 31	
	1992	1991
	----	----
Net sales and revenues	$ 892,760	$ 925,829
Costs and expenses:		
Cost of sales	688,262	794,537
Research and development........................	837	--
Sales and marketing............................	59,388	62,948
General and administrative.....................	128,045	141,601
	876,532	999,086
Operating income (loss)	16,228	(73,257)
Other income (expense):		
Interest income	46	128
Interest expense	(13,342)	(12,863)
Other, net..	998	--
	(12,298)	(12,735)
Income (loss) before income taxes..................	3,930	(85,992)
Provision for state and Federal income taxes	--	--
Net income (loss)...................................	$ 3,930	$ (85,992)
	==========	==========
Net income (loss) per common share:		
Net income (loss)...............................	$ (.00)	$ (.03)
	=======	=======
Weighted average common and common equivalent shares outstanding	3,300,294	3,226,729
	==========	==========

For purposes of calculating the net income or loss per common share, net income is decreased and net loss is increased by dividends on the preferred stock whether or not such dividends have been declared or paid.

See accompanying notes to condensed financial statements.

PIEZO ELECTRIC PRODUCTS, INC.

CONDENSED STATEMENT OF CASH FLOW
(Unaudited)

	For the three months ended January 31,	
	1992	1991
Cash flows from operating activities:		
Net income (loss)	$ 3,930	$ (85,992)
Adjustments to reconcile net income (loss) to net cash used in operations:		
Depreciation and amortization	30,789	36,377
Gain on disposal of assets	(998)	--
(Increase) decrease in assets:		
Accounts receivable	3,740	(11,327)
Inventory	(56,765)	(10,825)
Prepaid expenses	(25,768)	12,207
Other assets	--	--
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(12,764)	(25,619)
Total adjustments	(36,238)	813
Net cash used in operating activities	(32,308)	(85,179)
Cash flows from investing activities:		
Capital expenditures	928	(9,149)
Proceeds from sale of assets	998	--
Net cash provided by (used in) investing activities	1,926	(9,149)
Cash flows from financing activities:		
Proceeds from sale of common stock	200	--
Net cash provided by financing activities	200	--
Net decrease in cash and cash equivalents	(30,182)	(94,328)
Cash and cash equivalents at beginning of period	32,762	132,489
Cash and cash equivalents at end of period	$ 2,580	$ 38,161
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest on long-term debt	$ 13,342	$ 12,863
Income taxes	--	--

Supplemental disclosure of non cash financing activities:
Series A preferred stock was issued upon conversion of $325,000 of long term debt.

See accompanying notes to condensed financial statements.

PIEZO ELECTRIC PRODUCTS, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared by the Company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and reflect all adjustments (consisting solely of normal recurring adjustments) which, in the opinion of management, are necessary for a fair representation of the results of the interim period presented.

These financial statements do not include all disclosures associated with annual financial statements, and accordingly, should be read in conjunction with footnotes contained in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1991.

2. Contingent Liabilities:

There have been no significant new commitments or changes in the status of commitments previously disclosed.

3. Litigation:

There have been no new developments in any litigation previously reported.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

First Quarter 1992 and 1991

The Company reported net income of $3,930 for the first quarter of 1992 versus net losses of $ 85,992 for the same period last year. The increase in earnings is primarily due to a decrease in the cost of sales from 86% to 77% of sales respectively for the first quarter of 1992 and 1991. Direct manufacturing costs accounted for approximately 2% of the decrease in costs while reductions in manufacturing overhead costs accounted for approximately 6% of the change.

Late in the fourth quarter of 1991 management instituted several cost cutting measures, including reductions in work hours, in order to improve efficiency. Although these cost cutting measures have been successful, certain measures were intended as short term. The Company expects that these measures will continue through the second quarter of 1992 although at a lesser rate as personnel return back to normal work schedules.

The decrease in general and administrative cost is also attributable to reductions in work schedules discussed above.

Interest expense increased marginally from 1991 to 1992 but will decline in 1992 as a result of the conversion of debt to preferred stock. Should the Company be successful in obtaining long term loans, interest expense would increase accordingly.

Liquidity and Capital Resources

As of January 31, 1992, the Company had working capital of approximately $267,000 compared with negative working capital of $42,000 at October 31, 1991. The change is primarily due to a decrease in the Company's long term debt which was financed by the issuance of a new Series A preferred stock.

Net cash used in operations were $32,308, and $85,179 for the three months ended January 31, 1992 and 1991 respectively.

On December 31, 1991 an agreement was reached with three related party creditors, Harold I. Schein, Philip Schein, and CDX Corp., to convert a part of the debt due them to preferred stock. On December 23, 1991, The Company's Board of Directors voted to issue a new series of 325,000 shares of Cumulative Convertible Preferred Stock, $1.00 Par Value, Series A, in satisfaction of $325,000 of debt payable by the Company to the above creditors. As of December 31, 1991 the Company was indebted to the above creditors, including principal and interest, for $253,000, $99,300, and $110,000 respectively. Harold Schein converted $135,000 of the debt due him for 135,000 shares of preferred stock; Philip Schein converted $90,000 of debt to preferred stock, and CDX Corp. converted $100,000 of debt to preferred stock. As of January 31, 1992, after the effect of the conversion, the Company was indebted to the above creditors, including principal and interest, for $119,475, $9,420, and $10,125 respectively.

During fiscal 1991, the net cash used to fund operations was provided principally by an increase in accounts payable. This increase was the result of delaying vendor payments beyond terms normally extended. As a result, the Company's ability to obtain trade credit continues to be diminished. Although this has not seriously impacted the Company's ability to obtain materials and supplies, there can be no assurance that this will continue. During the first quarter of 1992, the Company was able to reduce accounts payable and accrued expenses by approximately $30,000.

As long as any of the Company's 10% convertible subordinated debentures ("Debentures"), due February 28, 1989, remain outstanding, the Company may not declare or pay dividends on its common stock. As of January 31, 1992, the Company is in default to one remaining holder for $30,000. The Company intends to pay the debentures upon claim of payment by the debenture holder.

On February 28, 1992 the Company borrowed $50,000 in the form of two $25,000 promissory notes from two unrelated sources. The notes provide for payment of 15% annual interest payable monthly and the principal upon maturity on August 28, 1992. The loan is secured as to the amount of the principal and accrued interest by principally all of the assets of the Company. In addition, the Company will issue to each lender 2,500 shares of common stock.

The Company is actively seeking additional financing from asset based lenders, although none has yet been obtained. Failure to obtain additional financing would seriously impair the Company's ability to continue as a going concern. Management believes it needs a minimum of $200,000 long term financing in order to reduce its trade payables and provide sufficient working capital to sustain continuing operations during 1992.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 3 of Notes to Condensed Financial Statements

Item 2. Changes in Securities

On December 31, 1991 an agreement was reached with three related party creditors, Harold I. Schein, Philip Schein, and CDX Corp., to convert a part of the debt due them to preferred stock. On December 23, 1991, The Company's Board of Directors voted to issue a new series of 325,000 shares of Cumulative Convertible Preferred Stock, $1.00 Par Value, Series A in satisfaction of $325,000 of debt payable by the Company to the above creditors. The Series A Preferred Stock will pay quarterly dividends at the rate of $.16 per year, and be convertible into 5 shares of common stock. The holders of the Series A Preferred Stock will have the right to elect two members of the Company's Board of Directors if accrued but unpaid dividends on the Series A preferred are in arrears for one or more full fiscal quarters of the Company. The Series A prohibits the redemption or purchase by the Company of any of its common shares at any time that accrued dividends exist as to the Series A stock.

Item 3. Defaults upon Senior Securities

The Company has not declared a dividend on its cumulative convertible preferred stock since its fiscal quarter ended July 31, 1985 and therefore is in arrears for a total of $267,953. In addition, the Company has not declared a dividend on its Series A preferred stock and, as of January 31, 1992, was in arrears for $4,333.

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 6. Exhibits and Reports on Form 8-K

The Company filed two Reports on Form 8-K with the Securities and Exchange Commission during the fiscal quarter ended January 31, 1992.

On December 31, 1991 the Company filed a Report on Form 8-K announcing the results of its unit offering which ended December 13, 1991. The Company also announced that an agreement had been reached with three related party creditors to convert a portion of the debt due them to a new Series A preferred stock.

On January 10, 1992 the Company filed a Report on Form 8-K amending the Certificate of Designation for the Series A preferred stock thereby removing the redemption features of the Series A preferred stock.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PIEZO ELECTRIC PRODUCTS, INC.

By:

Robert C. Langara
Vice President and Controller
(A Duly Authorized Officer and
the Principal Financial Officer)

DATE: March 13, 1992

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 1992

92-2217

Commission File Number 0-19294

REHABCARE CORPORATION

(Exact name of Registrant as specified in its charter)

D (State or ot 'ion of incorpor gani-zation)	51-0265872 (I.R.S. Employer Identification No.)

112 South Hanley Road, St. Louis, Missouri 63105
(Address of principal executive offices and Zip Code)

(314) 863-7422
(Registrant's telephone number, including area

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 10, 1992
Common Stock, par value $.01 per share	4,801,000

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REHABCARE CORPORATION

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PART I. - FINANCIAL INFORMATION

Item 1. - Condensed Financial Statements

REHABCARE CORPORATION

Condensed Balance Sheets

(Dollar amounts in thousands)

	May 31, 1992 (Unaudited)	February 29, 1992
Assets		
Current assets:		
Cash and cash equivalents	$ 2,950	$ 3,661
Marketable securities	6,750	6,761
Accounts receivable, less allowance for doubtful accounts of $128 and $729	6,769	5,926
Investment in and advances to joint venture	232	96
Prepaid expenses and other current assets	291	186
Total current assets	16,992	16,630
Equipment and leasehold improvements, net	1,329	1,359
Other assets:		
Excess of cost over net assets acquired, net	1,331	1,349
Deferred costs, net	727	797
Other	152	183
Total other assets	2,210	2,329
	$20,531	$20,318
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 812	$ 916
Accrued salaries and wages	2,308	2,565
Accrued expenses	371	268
Income taxes payable	32	315
Total current liabilities	3,523	4,064
Stockholders' equity:		
Preferred stock, $.10 par value, authorized 10,000,000 shares, no shares issued or outstanding	–	–
Common stock, $.01 par value; authorized 20,000,000 shares, issued 4,801,000 shares	48	48
Additional paid-in capital	13,469	13,469
Retained earnings	3,491	2,737
Total stockholders' equity	17,008	16,254
	$20,531	$20,318

See notes to condensed financial statements.

REHABCARE CORPORATION

Condensed Statements of Earnings

(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended May 31, 1992	Three Months Ended May 31, 1991
Operating revenues	$11,863	$10,859
Costs and expenses:		
Operating	9,077	8,495
General and administrative	1,431	1,101
Depreciation and amortization	142	104
Total costs and expenses	10,650	9,700
Operating earnings	1,213	1,159
Interest income	119	12
Other expense	(139)	–
Earnings before income taxes	1,193	1,171
Income taxes	439	445
Net earnings	$ 754	$ 726
Net earnings per share	$ .16	$ .18
Weighted average number of common and common equivalent shares outstanding	4,818	4,030

See notes to condensed financial statements.

REHABCARE CORPORATION

Condensed Statements of Cash Flows

(Amounts in thousands)

(Unaudited)

	Three Months Ended May 31, 1992	Three Months Ended May 31, 1991
Cash flows from operating activities:		
Net earnings	$ 754	$ 726
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	142	104
Provision for losses on accounts receivable	58	54
Decrease (increase) in due from affiliate/former parent	(223)	1,051
Increase in accounts receivable	(902)	(444)
Increase in prepaid expenses and other	(104)	(56)
Increase (decrease) in accounts payable and accrued expenses	(1)	288
Increase (decrease) in accrued salaries and wages	(257)	41
Increase (decrease) in income taxes payable	(283)	106
	(1,570)	1,144
Net cash provided by (used in) operating activities	(816)	1,870
Cash flows from investing activities:		
Additions to equipment and leasehold improvements, net	(54)	(20)
Deferred costs, net	31	(171)
Purchase of investments	(1,492)	–
Sale of investments	1,503	–
Other, net	117	4
Net cash provided by (used in) investing activities	105	(187)
Cash flows from financing activities:		
Payment of dividend to former parent	–	(1,800)
Net cash used in financing activities	–	(1,800)
Net decrease in cash and cash equivalents	(711)	(117)
Cash and cash equivalents at beginning of period	3,661	204
Cash and cash equivalents at end of period	$ 2,950	$ 87

See notes to condensed financial statements.

REHABCARE CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Basis of Presentation

The condensed balance sheet as of May 31, 1992, and the related condensed statements of earnings and the statements of cash flows for the three months ended May 31, 1992 and 1991, are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items. The results of operations for the three months ended May 31, 1992, are not necessarily indicative of the results to be expected for the full fiscal year. Certain prior period amounts have been reclassified to conform with current period presentation.

As of February 28, 1991, the Company was a wholly owned subsidiary of Comprehensive Care Corporation ("CompCare"). On July 3, 1991, 2,500,000 shares of the Company's common stock were sold to the public; 1,700,000 shares by CompCare and 800,000 newly issued shares by the Company. Details of the public offering are included in a registration statement filed with the Securities and Exchange Commission (Reg. No. 33-40467).

The condensed financial statements do not include all information and footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. Reference is made to the Company's audited financial statements and the related notes as of February 29, 1992 and February 28, 1991, and for each of the years in the three-year period ended February 29, 1992, included in the Annual Report on Form 10-K on file with the Securities and Exchange Commission, which provide additional disclosures and a further description of accounting policies.

Note 2 - Contingency

The Company, together with CompCare, has undergone a federal payroll tax audit for the years 1987 and 1988. The Internal Revenue Service ("IRS") has asserted that certain medical professionals and others engaged as independent contractors by CompCare and the Company should have been treated as employees for payroll tax purposes. The IRS has proposed deficiencies in employment taxes against the Company in the amount of approximately $1,800,000, including penalties. The Company has filed a protest with the IRS in opposition to the proposed deficiencies. While the Company believes it has arguments in support of its position and will continue to defend that position, there can be no assurance that the Company will prevail in whole or in part. CompCare has agreed in a tax sharing agreement to defend the Company against any claims, and to indemnify it against any loss, on account of such employment tax issues for periods through fiscal 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Statistical Information

	Three Months Ended May 31,	
	1992	1991
Patient days served	66,619	63,834
Average occupancy rate	74.5%	68.2%
Admissions	3,200	2,896
Average length of stay (days)	20.8	22.0
Total contracts in operation at end of period	48	51
Total beds available at end of period	979	1,022

Three Months Ended May 31, 1992 Compared to Three Months Ended May 31, 1991

Operating revenues during the first quarter of fiscal 1993 increased 9.2% to $11,863,000 from $10,859,000 in the first quarter of fiscal 1992. An increase in operating revenues per billable patient day of 3.7% and an increase in billable patient days of 5.3% from the comparable quarter last year accounted for substantially all of the increase in revenue. Although the average number of units exempt from the Medicare Prospective Payment System (PPS) declined from 47 in the first quarter of fiscal 1992 to 42 in the first quarter of fiscal 1993, the average daily census per unit for exempt units increased 14.9% from 14.1 to 16.2, thus generating a 2.8% increase in billable patient days to 62,069. Patient days at units not exempt from PPS increased 41.4% during the first quarter of the current year primarily due to an increase in the number of such units from the comparable period last year.

Operating expenses for the three-month periods compared increased overall by $582,000, or 6.9% to $9,077,000. Exempt units experienced an increase of $344,000, or 4.3%, in operating expenses to $8,371,000. Exempt units' operating expenses as a percentage of operating revenues decreased from 75.5% to 73.7%, reflecting both improved operating revenues and increased utilization.

General and administrative expenses increased $330,000, or 30.0% to $1,431,000, reflecting an escalation in business development expenditures compared to the previous year and administrative costs associated with operating as a separate public company.

Earnings before income taxes increased by $22,000, or 1.9%, compared to the prior year, to $1,193,000. The provision for income taxes for the first quarter of fiscal 1993 was $439,000, compared to $445,000 for 1992, reflecting effective income tax rates of 36.8% and 38.0% for the respective quarters. The reduced tax rate resulted from the investment of available funds in tax-exempt securities during fiscal 1993. Net earnings increased by $28,000, or 3.9%, to $754,000. Net earnings per share decreased by 2 cents to 16 cents as a result of the increase in the weighted average number of shares outstanding. See "Liquidity and Capital Resources."

Liquidity and Capital Resources

On July 3, 1991, the Company received net proceeds of approximately $9,533,000 pursuant to the sale of 800,000 shares of its common stock in an initial public offering. The proceeds have been invested primarily in short-term tax-exempt bonds until such time that they are required for use by the Company.

As of May 31, 1992, the Company had $9,700,000 in cash and marketable securities and a current ratio of 4.8:1. Working capital increased $11,615,000 as of May 31, 1992, compared to May 31, 1991, attributable to the net proceeds of the initial public offering plus internally generated cash, and increased $903,000, compared to February 29, 1992.

The Company's operating cash flows constitute its primary source of liquidity and historically have been sufficient to fund its working capital and business expansion requirements. It expects to meet its future working capital, capital expenditure, and business expansion requirements from a combination of internal sources and the net proceeds of the initial public offering.

PART II - OTHER INFORMATION

Item 4. - Submission of Matters to Security Holders

On June 16, 1992, the Annual Meeting of Stockholders of the Company was held at which the stockholders of the Company re-elected each of the incumbent directors to a one-year term to expire at the 1993 Annual Meeting of Stockholders or when his successor is duly elected and qualified. The stockholders also voted to approve an amendment to the Company's 1987 Incentive Stock Option Plan and 1987 Non-Statutory Stock Option Plan to increase the aggregate number of shares for which options may be granted thereunder by 350,000. The amendment was approved by a stockholder vote of 3,243,209 shares "FOR," 342,598 shares "AGAINST" and 1,018,534 shares "ABSTAIN."

Item 6. - Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Registrant during the fiscal quarter ended May 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REHABCARE CORPORATION

July 10, 1992

By ______________________

John R. Finkenkeller
Senior Vice President
and Treasurer
(Chief Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 8 -

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AMENDMENT TO APPLICATION OR REPORT
Filed pursuant to Section 12, 13 or 15(d) of
THE SECURITIES EXCHANGE ACT OF 1934

S 92-2247

REGAN HOLDING CORP.
(Exact name of registrant as specified in charter)

AMENDMENT NO. 1

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Quarterly Report for period ending September 30, 1991, on Form 10-Q as set forth in the pages attached hereto:

"ITEM 1. FINANCIAL STATEMENTS."

"ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS."

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ITEM 1

FINANCIAL STATEMENTS

Regan Holding Corp. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
($000's Omitted)

Assets	September 30, 1991	December 31, 1990
Investments	$20,513	$16,830
Cash	4,367	500
Investment Income Receivable	503	261
Accounts Receivable	0	77
Receivables from Financial Institutions	3,712	0
Value of Business Acquired	0	1,350
Property and Equipment, Net	2,230	1,286
Goodwill	2,033	2,111
Deferred Policy Acquisition Costs	10,194	0
Other Real Estate Assets	910	0
Other Assets	1,149	186
Separate Account Assets	8,766	0
Total Assets	$54,377	$22,601
Liabilities and Stockholders' Equity (Net Capital Deficiency)		
Policy Liabilities and Accruals	$33,295	$9,843
Capital Lease Obligations	638	93
Land and Building Payable	0	600
Notes Payable	3,900	4,150
Mortgage Notes Payable	528	0
Accrued and Other Liabilities	2,500	1,265
Deferred Income	256	256
Series B Redeemable Preferred Stock	4,000	4,000
Premiums Received Pending Issuance	2,234	0
Separate Account Liabilities	8,766	0
Total Liabilities	56,117	20,287
Minority Interest	127	1,231
Commitments and Contingencies		
Common Stock, No Par Value with Put Rights: 100,000,000 Shares Authorized 19,550,554 Issued and 22,081,454 Outstanding (19,060,705 in 1990)	9,240	3,227
Additional Paid-in Capital	973	91
Unrealized Gains on Investments	475	86
Accumulated Deficit	(11,729)	(2,165)
Deferred Compensation	(826)	(76)
Total Shareholders' Equity (Net Capital Deficiency)	(1,867)	1,163
Total Liabilities and Shareholders' Equity (Net Capital Deficiency)	$54,377	$22,601

The accompanying notes are an integral part of these consolidated financial statements.

Regan Holding Corp. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
($000's Omitted, except per share amounts)

	Three Months Ended September 30,	Three Months Ended September 30,	Nine Months Ended September 30,	Period From Inception (Feb. 21, 1990) to September 30,
	1991	1990	1991	1990
Premiums and Other Revenue Items	$7	$0	$204	$0
Investment Income	1,004	0	1,605	0
Realized Investment Gains	203	0	185	0
Commission on Reinsurance Ceded	0	0	1,636	0
Other	95	3	117	6
Total Income	1,309	3	3,747	6
Benefits, Claims, Losses and Settlement Expenses	706	0	1,146	0
Commissions	9,961	0	11,605	0
General Expenses	5,871	386	9,886	798
Deferred Acquisition Costs	(7,676)	0	(10,194)	0
Interest and Other	250		2,102	
Total Expenses	9,112	386	14,545	798
Loss Before Federal Income Tax Expense and Benefit for Minority Interest	(7,803)	(383)	(10,798)	(792)
Federal Income Tax Expense	0	0	0	0
Loss Before Benefit for Minority Interest	(7,803)	(383)	(10,798)	(792)
Benefit for Minority Interest	883	0	1,234	0
Net Loss	$(6,920)	$(383)	$(9,564)	$(792)
Loss per share:				
Net Loss	$(0.33)	$(0.02)	$(0.47)	$(0.05)
Weighted average number of Shares outstanding	20,720,206	16,908,056	20,286,070	15,376,222

The accompanying notes are an integral part of these consolidated financial statements.

Regan Holding Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flow
(Unaudited)
($000's Omitted)

	Nine Months ended 9/30/91	Period From Inception (2/21/90) to 9/30/90
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(9,564)	$(792)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities -		
Realized Investment (Gains)	(185)	0
Depreciation and Amortization	307	0
Benefit for Minority Interest	(1,234)	0
Deferred Compensation Expense	177	0
Stock Matching Expense	3,099	0
Write Off of Value of Business Acquired	1,350	0
Crown Life Coinsurance Agreement	(1,459)	0
Modified Coinsurance Agreement	(1,335)	0
Transfer of Cash to Crown Life	(6,711)	0
Change, Net of Assets and Liabilities Acquired or Transferred		
Investment Income Receivable	(242)	0
Accounts Receivable and Other Assets	(885)	(117)
Deferred Policy Acquisition Costs	(3,771)	0
Premiums Received Pending Issuance	2,234	0
Accrued and Other Liabilities	1,122	261
Net Cash (Used In) Operating Activities	$(17,097)	$(648)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of Equity Security Investments	1,740	0
Sale of Fixed Maturity Investments	6,150	0
Net Change in Short-Term Investments	1,573	0
Net Increase In Loans	(40)	0
Purchase of Fixed Maturity Investments	(7,777)	0
Purchase of Reverse Repurchase Agreements	(12,100)	0
Purchase of Other Real Estate	(382)	0
Purchase of GSLH Stock	(45)	(90)
Cash Paid for LifeSurance	0	(109)
Purchase of Property and Equipment	(603)	(164)
Net Cash (Used In) Investing Activities	$(11,484)	$(363)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receivables from Financial Institution	(5,604)	0
Increase in Liabilities for Future Policy Benefits	35,466	0
Cash from Issuance of Common Stock with Put Rights	2,836	774
Notes Payable	(250)	250
Net Cash Provided By Financing Activities	$32,448	$1,024
Net Increase in Cash	$3,867	$13
CASH, BEGINNING OF PERIOD	500	0
CASH, END OF PERIOD	$4,367	$13

(CONTINUED ON NEXT PAGE)

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest Paid	$0	$445
Income Taxes Paid	$0	$0

SCHEDULE OF NONCASH INVESTING ACTIVITIES:

Purchase of Equipment Financed by Capital Leases	$93	$545
Decrease on Loans Due to Crown Life Coinsurance Agreement	$0	$703
Assumption of Real Estate Mortgages	$0	$528

SCHEDULE OF NONCASH FINANCING ACTIVITIES:

Contribution of GSLH Stock for Common Stock	$2,265	$32
Additional Paid-in Capital	$91	$928
Deferred Compensation	$76	$928
Company Stock Purchase Plan	$0	$3,099
Increase in Liabilities for Future Policy Benefits relating to Modified Coinsurance Agreement	$0	$5,326
Decrease in Liabilities for Future Policy Benefits Relating to Crown Life Coinsurance Agreement	$0	$8,574

The accompanying notes are an integral part of these condensed consolidated financial statements.

REGAN HOLDING CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1991

(Unaudited)

1. Basis of Presentation: The accompanying condensed consolidated financial statements of Regan Holding Corp. (the "Company") are unaudited but reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the Company's financial position and results of operations. The condensed consolidated financial statements should be read in conjunction with the Company's 1990 consolidated financial statements together with auditors report.

   As discussed in Note 3, effective November 8, 1991, LifeSurance Corporation, a 75.2% owned subsidiary of the Company was merged into LSC Acquisition Corp. At September 30, 1991, the condensed consolidated financial statements do not reflect the Company's 100% ownership of LSC Acquisition Corp. and the elimination of amounts relating to minority shareholders' interests.

   Effective August 29, 1991, the name of Kennesaw Life was changed to Old Colony Life Insurance Company.

   In order for Old Colony to meet state statutory requirements for solvency of insurers in its domiciliary state, Old Colony must have statutory capital and surplus of $2,500,000. To achieve that amount at December 31, 1991, Old Colony will be required to obtain a letter of credit supporting $2,377,000 of contingent proceeds from the sale of its investment in GSLH stock (Note 11) and the Company must be able to meet its financial obligations, including the requirement to satisfy debt in the amount of $3,200,000 which is secured by certain shares of GSLH stock, from sources other than the proceeds of such sale so that all the proceeds can be applied to Old Colony's capital and surplus. While the Company expects to meet these requirements, there can be no assurance that the Company will be able to accomplish the required actions. If Old Colony does not have sufficient capital and surplus, the Georgia Insurance Department may revoke Old Colony's authority to write business or initiate receivership proceedings.

2. Insurance Agreements: The Company has entered into an arrangement with North American Life and Casualty Company ("NALAC"). Under this arrangement, producers can sell the life and annuity products developed by the Company and issued by NALAC or the Company's operating insurance subsidiary, Old Colony Life Insurance Company ("Old Colony"). The Company services all of its products whether issued by Old Colony or by NALAC, and NALAC pays the Company management and servicing fees under marketing and administrative service agreements. Pursuant to a modified coinsurance agreement between Old Colony and NALAC which closed in December 1991, 75% of NALAC's business from the Company's products are reinsured by Old Colony. Old Colony thereby receives profits on 75% of the premiums and risks associated with this business. At September 30, 1991, Deferred Acquisition Costs of approximately $6,474,000 and Reserves of approximately $5,326,000 relating to 75% of NALAC business

sold through that date have been recorded on the Balance Sheet. Included in Investment Income is $781,000 relating to the modified coinsurance agreement. At September 30, 1991, premiums received by the Company on behalf of NALAC of $5,873,000 are not included in Cash and Payable to NALAC on the Balance Sheet.

The Company, on behalf of NALAC and Old Colony, has negotiated a reinsurance pool with capacity to cover $20 million of joint and last survivor or single life coverage. The pool includes three highly rated insurance carriers: Gerling Global Life Insurance Company and Mercantile & General Reinsurance ("M&G"), Canadian insurers, and Lincoln National Life Insurance Company, an insurer domiciled in the State of Indiana (collectively, the "Reinsurers"). All of the underwriting of health and medical history associated with the Company's life products issued by NALAC and Old Colony is performed by M&G. The agreements with the Reinsurers closed in December 1991.

In June 1991, Old Colony entered into a coinsurance agreement with Crown Life Insurance Company, the United States subsidiary of a Canadian insurer. Under this agreement, Crown Life coinsured substantially all of Old Colony's life insurance policies which were in existence as of December 31, 1990. Pursuant to Georgia law, the assets coinsured were placed in a custodial trust with First Union Bank of Georgia, and will remain in trust as collateral for Old Colony's and Crown Life's obligations under the related insurance policies. Old Colony received a ceding fee of approximately $1,700,000 in connection with this transaction. As a result of this coinsurance transaction, Crown Life is responsible for servicing the subject business, and Crown Life is liable for all of Old Colony's obligations under the related policies. In connection with this agreement, $1,350,000 assigned to the value of this business relating to the acquisition of LifeSurance was charged to Other Expense.

3. Merger: Effective November 8, 1991, LifeSurance Corporation ("LifeSurance"), a 75.2% owned subsidiary of the Company, was merged with and into LSC Acquisition Corp., a wholly-owned subsidiary of the Company. LSC Acquisition Corp. was the surviving corporation in the merger, and the separate existence of LifeSurance ceased upon the effectiveness of the merger. In connection with the merger, the stockholders of LifeSurance (other than the Company) will receive 3.3 shares of Series B Common Stock of the Company in exchange for each share of Common Stock of LifeSurance. In the aggregate, 615,242 shares of the Company's Series B Common Stock will be issued in exchange for 186,437 shares of LifeSurance stock. At September 30, 1991, deferred merger costs of $339,000 are included in Other Assets.

4. Receivables from Financial Institutions. In the second quarter of 1991, Old Colony and NALAC began to accept premium payments pursuant to Section 1035 of the Internal Revenue Code of 1986, as amended. These premium payments typically involve the owner assigning his or her rights to cash value under an existing insurance contract to Old Colony or NALAC to surrender a policy in force with another insurance company. The premium payments also involve exchanges of certificates of deposit or similar instruments, in taxable transactions (for taxable owners), for life insurance policies of Old Colony or NALAC. Because of the time involved for such exchange transactions, policies issued in an exchange are valued based on the amount of money expected to be received from

the policy to be exchanged, with an adjustment made when the actual cash is received. At September 30, 1991, $5,604,000, of such premium payments were recorded as receivables representing the Company's estimate of the proceeds to be received in connection with exchanges in progress. Amounts due are typically received 30 - 180 days after commencement of the exchange process. Of $5,604,000, $1,892,000 relates to Separate Accounts and has been included as Separate Account Assets and the remaining $3,712,000 has been included in Receivables from Financial Institutions. (See Note 6).

5. Premiums Received Pending Issuance. When deposits are received from a customer, they are initially credited to this account until such time as the proposed contract is underwritten and issued. As of September 30, 1991, there was $2,234,000 representing contracts in the process of being underwritten and issued.

6. Separate Accounts: In the third quarter of 1991, Old Colony commenced writing policies through separate accounts, at the election of the owner of the policy. Separate accounts represent assets and liabilities that are maintained by an insurer for purposes of funding fixed-benefit or variable annuity contracts, pension plans and similar activities. The contract holder generally assumes the investment risk, and the insurer receives a fee for investment management, certain administrative expenses, and mortality and expense risks assumed. In the case of contracts issued by Old Colony, the policyholders are charged an administrative fee which is equal to the greater of 2% per year of the cash value or 10% of the rate of annual cash value earnings, subject to a guaranteed minimum return to the policyholders of at least 4% per year. Separate account assets are to be legally segregated from assets which pertain to cash values maintained for policyholders with policies which are not in separate accounts, otherwise known as "general accounts". (See Note 7)

7. Investments The following schedule summarizes the investment portfolio for each class of investments at September 30, 1991. The separate account assets and liabilities are reflected separately on the Balance Sheet.

	Total	General Accounts	Separate Accounts
Fixed maturities, at market value	$10,564,000	$10,564,000	$0
Repurchase Agreements, at cost	12,100,000	5,329,000	6,771,000
Mortgage loans on real estate	30,000	30,000	0
Short-term investments, at cost	2,138,000	2,035,000	103,000
General Services Life Holding Corp. Class B Common Stock, at cost	2,555,000	2,555,000	0
Total investments	$27,387,000	$20,513,000	$6,874,000

Fixed maturity investments are valued at market value. These funds are received from clients and invested based upon the cash value strategy selected by the clients. A significant portion of the cash values pertain to the "Managed Bond Strategy" which involves trading bonds in order to maximize the return on the investment. Since the Company does not intend to hold these bonds until maturity, the bonds are stated at market value.

8. Investment in Real Estate: Included in Property and Equipment at September 30, 1991 is $862,000, relating to the Company's former office facilities, which were acquired effective September 30, 1991 for $700,000, and related improvements. In November 1991, the Company entered into a lease agreement for new office facilities (Note 11). The eventual disposition of the Company's former office facilities have not been determined. Included in Other Real Estate Assets at September 30, 1991 is $240,000 relating to a house in the process of renovation as lodging for out of town visitors and $670,000 relating to a house purchased from a former officer as a result of relocation. In connection with the latter, the Company assumed mortgages in the amount of $528,000.

9. Shareholders' Equity:

   Common Stock - At September 30, 1991, the Company had two series of common stock outstanding. The holders of Series A Common Stock are certain of the Company's producers and the holders of Series C Common Stock are individuals who are not producers. The holders of Series B Common Stock, which series was not outstanding at September 30, 1991, are the former shareholders of LifeSurance. (See Note 3). The Series A and C Common Stock are subject to certain rights of redemption in favor of the Company and the sale and other transfer of such stock is restricted by rights of first refusal. The shares also may be put to the Company at their "net present value", as defined, after the owner as held such shares for two years.

   Stock Options - During the nine months ended September 30, 1991, employees were issued options to purchase 466,130 shares of the Company's common stock for a purchase price of $0.01 per share, subject to a three year vesting period. The difference between the estimated market value of the stock ($2.00 per share) at the date of grant and the option price is being amortized to expense over the vesting period. During the nine months ended September 30, 1991, $177,000 was recorded as compensation expense relating to options outstanding. During this same period, previously issued options to purchase 40,000 were exercised at $0.01 per share. At September 30, 1991, option to purchase 506,130 shares were outstanding.

   Stock Purchase Plan - During the nine months ended September 30, 1991 the Company has recorded compensation expense of $44,000 and commission expense of $3,055,000 relating to 1,538,565 matched shares to be issued to employees and producers pursuant to the Company's stock purchase plan. Under this plan, purchases by employees and producers are matched, within certain limitations, with a purchase by the Company of $1.00 for every $2.00 of stock purchased by the individuals.

   Outstanding Shares - Included in outstanding shares at September 30, 1991 are 2,530,900 shares (including 1,520,292 Company matched shares) which were not issued as of September 30, 1991.

   Net loss per common share - Net loss per common share has been computed based upon the weighted average number of shares outstanding during the period.

10. Commitments and Contingencies: As part of the Company's agreements with its producers, the Company has committed, under certain circumstances, to purchase the business of its producers and may make loans to its producers to assist their

business needs. At September 30, 1991, there were no outstanding commitments relating to the above by the Company.

One of the Company's producers generates approximately 50 % of the premiums generated by the Company's producers and the top twenty producer organizations generate in excess of 87 % of such premiums. In the event that one or more of such producers ceased selling the Company's products, the Company might incur a significant decrease in premiums.

11. Subsequent Events: On December 31, 1991 the Company and Aegon USA Inc. ("Aegon") executed a memorandum of understanding setting forth the terms of a settlement of the litigation between the two parties and their affiliates. Pursuant to the agreement, in January 1992, the Company exercised its right to sell the Class B Stock of GSLH to Aegon for gross proceeds of approximately $11,885,000. Pursuant to the agreement, 20% of the gross proceeds will be held in escrow until finalization of the purchase price per share in early 1994. The Company will receive 80% of the total gross proceeds, $9,508,000, in early 1992, resulting in a gain of $6,953,000. Upon finalization of the purchase price per share, the Company will receive the remaining proceeds, if any, plus interest. In addition, personal debt payable to Aegon by the Company's primary shareholder, aggregating $621,000 at December 31, 1991, is required to repaid to Aegon prior to the Company receiving final payment in 1994. In connection with this agreement, the Company became liable for this debt. In December 1991, the Company paid $294,000 relating to this debt.

In September 1991, the Company entered into an agreement to purchase United Independent Life Insurance Company, which holds licences in three states in which the Company currently does not hold a licence. In December 1991, the Company entered into an agreement to acquire a Minnesota domiciled insurance company which holds licences in three additional states in which the Company currently does not have a licence. The Company is in process of obtaining regulatory approval with respect to both of the above acquisitions, and expects to receive such approvals during the first quarter of 1992.

In November 1991, the Company entered into a triple net lease for new office space, for an initial term of five years at approximately $15,400 per month. Pursuant to the lease agreement, the Company is required to pay for its own tenant improvement, estimated at approximately $500,000. The Company also has an option to purchase the property.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RHC'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Nine-Month Period Ended September 30, 1991

Overview

The Company's results of operations and financial condition as of and for the nine months ended September 30, 1991 are not comparable to the Company's results of operations and financial condition for the period from inception (February 21, 1990) to September 30, 1990 as the latter does not reflect the insurance operations of LSC because the Company did not acquire its 75.2% interest in LSC until November 1990. During the period ended September 30, 1990, the Company's operations were focused on raising capital and assembling a management team, developing products and recruiting Producers. Accordingly, during this period the Company incurred total expenses of $798,000, which reflect start-up and development costs, including salaries, administrative fees, consulting fees and other expenses incurred in locating and purchasing an operating insurance subsidiary and forming the administrative and marketing staff and systems necessary to market and underwrite a new series of insurance and annuity products.

During the nine months ended September 30, 1991, the Company incurred a net loss of $9,564,000 as a result of start up expenses associated with the commencement of the Company's insurance operations and matching stock expense of $3,099,000 relating to employee and Producer stock purchases (including liabilities resulting from increases in value of previously issued shares). At September 30, 1991, the Company had a net capital deficiency of $1,867,000 as a result of aggregate loses of $11,729,000 from inception of the Company on February 21, 1990, resulting in potential liquidity problems for the Company. The Company believes that its expanding insurance operations, the sale of GSLH stock and the proceeds from future stock sales will provide sufficient cash to meet both its current and future requirements. (See "Other Sources of Funds; Subsequent Developments" below.)

Results of Operations

The Company's results of operations for the nine months ended September 30, 1991 reflect a high level of expenses related to the commencement of the Company's insurance operations including the development, marketing and sale of its line of "Pass Through™" life insurance and annuity products.

The Company had a net loss of $9,564,000 for the nine-month period ended September 30, 1991, as compared with a net loss of $792,000 for the period from inception to September 30, 1990. The 1991 loss reflects substantial costs related to the Company's design and marketing of a new series of annuity and insurance products, the hiring of personnel and the development of operational systems. The 1990 results reflect costs incurred while the Company was developing its product line and seeking suitable insurance company acquisitions. On November 3, 1990, the Company acquired 75.2% of LSC which was accounted for using the purchase method of accounting. Accordingly, the results of operations of LSC are not included in the Company's results of operations for the period ended September 30, 1990. The full results of operations of LSC for the nine months ended September 30, 1991 are reflected in the Company's results of operations for this period.

Net Premium income and other revenue items were $206,000 for the nine months ended September 30, 1991. Net Premium income and other revenue primarily consist of revenue associated with Old Colony's life insurance policies which were in existence at December 31, 1990. As discussed below, these policies were coinsured effective June 30, 1991. During 1991, Old Colony and NALAC began selling single premium deferred annuities as well as single premium and scheduled premium whole life insurance policies developed and marketed by the Company. Under the provisions of Financial Accounting Standards Board Statement 97 (FAS 97) while the annuities are in accumulation phase, they are treated as investment contracts. The deposit received from the owner is recorded as a liability and not as premium revenue. Old Colony and NALAC generate income from administrative charges assessed against the cash value of the contract and surrender charges which are applied when a policyholder terminates his contract in the early years. The administrative charge is equal to the greater of 2% per year of the cash value or 10% of annual cash value earnings. (See discussion of minimum guarantees to policyholders under "Products; Interest Rate and Asset Value Fluctuations," below.) During the nine months ended September 30, 1991, administrative charges were not significant. In the future, administrative charges will represent a substantial source of revenue for the Company and are expected to grow with the increase in policy liabilities resulting from the aggressive marketing program which is being conducted by the Company.

Investment income was $1,605,000 for the nine months ended September 30, 1991 and included $781,000 of interest relating to the modified coinsurance agreement with NALAC. The investment portfolio has been restructured and Old Colony has contracted with independent professional money managers in order to minimize its credit risk while at the same time prudently maximizing the return on investments.

Realized investment gains were $185,000 for the nine months ended September 30, 1991. One of the cash value strategies which is offered to policyholders is a "managed bond strategy." This strategy involves trading bonds where appropriate to maximize yield. Realized gains are expected to increase materially with the expected growth in investments associated with the managed bond strategy.

Other income of $117,000 during the nine months ended September 30, 1991 consists primarily of revenue from the sale of training videos.

Commissions on reinsurance ceded were $1,636,000 for the nine months ended September 30, 1991. On June 28, 1991, Old Colony entered into a modified coinsurance agreement with Crown Life Insurance Company, a Canadian insurer ("Crown Life"). Under this agreement, Crown Life coinsured Old Colony's and Crown Life's obligations under certain insurance policies. The commission on reinsurance ceded is equal to the ceding fee of approximately $1.7 million; however, this transaction required the expensing of $1,350,000 in anticipated profit, (reflected as Value of Business Acquired in the Company's Balance Sheet at December 31, 1990) which was recorded in 1990 in connection with the purchase of LSC.

Benefits, claims, losses and settlement expenses were $1,146,000 for the nine months ended September 30, 1991. This amount includes net reserve additions of $504,000. Deferred acquisition costs were $10,194,000 for the nine months ended September 30, 1991. This amount is net of amortization expense of $51,000. An insurance company's expenses with respect to an insurance policy or annuity contract -- consisting of the selling agent's commission, the costs of processing the application and making any necessary underwriting decisions -- are typically incurred prior to or upon the issuance of the policy or contract. FAS 97 permits the deferral of certain of these expenses. A substantial amount of Old Colony policies and contracts were sold in the first nine months of 1991, and the $10,194,000 in deferred acquisition costs represent deferrable commissions and general expenses related to these policies and contracts.

Commissions were $8,550,000 for the nine months ended September 30, 1991, excluding $3,055,000 in matching stock expense to Producers. This parallels the growth in Premium revenues during the period.

General expenses were $9,886,000 for the nine months ended September 30, 1991. The Company has incurred substantial expenses in connection with moving its operations to Petaluma, California, changing the strategic direction of Old Colony and developing and marketing the Company's new product lines.

Interest expense was $721,000 during the nine months ended September 30, 1991, consisting primarily of $360,000 relating to the Series B Redeemable Preferred Stock and $351,000 relating to the $3,900,000 note payable arising from the purchase of LSC.

Other expense consisted primarily of the write off of the $1,350,000 of Value of Business Acquired in connection with the Crown Life coinsurance agreement.

Products: Interest Rate and Asset Value Fluctuations

The products developed by RHC allow a policyholder or contract owner to allocate premiums to one or more cash value strategies. There are two general categories of strategies. Amounts allocated to strategies in the first category are guaranteed to earn a return at an annual rate equal to the greatest of: (i) the rate of return earned on the assets invested by the issuing company under the relevant strategy; (ii) a rate declared each month that will be credited during the following one-year period to all premiums allocated to the relevant strategy during that month; and (iii) 4%. If the applicable rate is that described in (i) or (ii) above, it is applied to the cash value allocated to the relevant strategy after the deduction of a charge (the "Administrative Charge") equal to the greater of 2% of such cash value and 10% of the amount earned on assets invested in the relevant strategy. The 4% rate described in (iii) is applied to the amount of premiums paid without regard to the Administrative Charge. Amounts allocated to strategies in the second category (the "CD Strategies") are guaranteed to earn a specified rate of return over a selected period (currently one, three or five years) without regard to the Administrative Charge. RHC products provide a minimum surrender guarantee of the amount of premiums paid less any loads and withdrawals, and before any surrender charge, plus interest accumulated at 4% from policy inception.

In general, RHC management believes that its products are less sensitive, from a profitability standpoint, to fluctuations in interest rates and asset values than comparable products issued by the majority of life insurance companies. With respect to interest rate fluctuations, the cash value strategies other than the CD Strategies generally ensure that the issuing company will receive the Administrative Charge regardless of the return earned on investments under such strategies, subject to the risk of earning sufficient income to meet the annual guaranteed rate. However, the Company has the ability to guarantee a current rate based on reasonable market assumptions and subject to annual adjustment; for higher returns, a contract holder looks to the Pass Through feature of the policy. While the receipt of the Administrative Charge is subject to the 4% guarantee described above, for which the Company is at risk, it provides a significant protection to the issuing insurance company against interest rate fluctuations.

With respect to asset value fluctuations, the surrender values in excess of the minimum surrender guarantee for many of RHC's products are adjusted to reflect fluctuations in the market value of the assets supporting those surrender values and a policyholder surrendering his or her policy will, as a result, generally receive a sum which represents no more than the current value of those assets or the minimum amount guaranteed by the insurer, which may be significantly higher. Therefore, as interest rates increase, and the value of fixed-rate assets decreases, the surrendering policyholder rather than RHC will initially bear the losses, and for the same reason such policyholder will have the benefit of significant gains arising from interest rate declines. To the extent the market value of assets supporting its policies may fall below the cash values of such policies after giving effect to the 4% minimum annual rate of return, the issuing company is vulnerable to losses from excessive surrenders. This potential exposure is at its maximum in the early years of any set of policies, and the early surrender charges on most of the policies developed by RHC are designed to deter excessive early surrenders.

The products developed by RHC allow a policyholder to select one or more cash value strategies ranging from extremely conservative to more aggressive; the issuing company must match its investments to achieve the return credited to policyholders. However, in strategies pursuant to which a policyholder may select primarily non-investment grade securities, the Company limits the amount any such policyholder may invest in such strategies to 50% of the cash values of such policyholder's policies. Further, under the Company's investment policies, the value of the non-investment grade securities in the issuing company's portfolio may not exceed 20% of the aggregate value of the portfolio.

The fixed maturity securities contained in RHC's general account portfolio had Standard and Poor's quality ratings ranging from AAA to non-rated. (See "BUSINESS OF RHC - Investment Policies of RHC.") As of December 31, 1990 and December 31, 1991, respectively, total general account assets included 18% and 24% of non-investment grade securities. The commonly accepted definition of investment grade is a quality rating of BBB- or above. Non-investment grade securities have a higher degree of risk of default and as a result they also generate a higher yield. In the event of default, the market value of the security could decline and RHC could incur a loss on the transaction in excess of the market value adjustment described above.

The Life Companies make extensive use of collateralized mortgage obligations, certain related derivative products, such as inverse floaters, and reverse repurchase agreements in connection with its CD, fixed income and real estate related strategies. These instruments are highly volatile in relation to changes in rates of interest and involve significant market risks. (See "BUSINESS OF RHC - Investment Policies of RHC.")

Liquidity and Capital Resources

During the nine months ended September 30, 1991, RHC received cash of $32,448,000 from financing activities. The principal source of cash for the Company was the sale of its annuity products, which resulted in net cash of $29,862,000. Of the remaining amount, $2,836,000 was the result of the sale of common stock, primarily to the Company's Producers. At September 30, 1991 RHC had aggregate debt consisting of notes payable and redeemable preferred stock in the amount of $7,900,000 which was incurred in connection with the acquisition of LSC in 1990. Other notes payable in the amount of $250,000 were repaid during the period. At September 30, 1991 the Company had no additional borrowings or available lines of credit.

During the nine months ended September 30, 1991, RHC used $17,097,000 of cash in operating activities and $11,484,00 in investing activities. Management believes that due to the Company's anticipated growth and associated start up costs it will continue to require cash to support its operations in the near future.

Of the $11,484,000 used in investing activities, $10,454,000 related to the purchase of investments to support its life insurance policies and annuities. Of the remaining $1,030,000, $603,000 related to the purchase of property and equipment, $382,000 to the purchase of other real estate assets and $45,000 to the purchase of additional shares of common stock of GSLH. During the nine months ended September 30, 1991, RHC was able to finance the purchase of $545,000 of equipment through capital leases and anticipates that it will continue to finance the majority of such purchases through capital leases in the near future. In connection with the Company's move to new office facilities in November 1991, leasehold improvements in the amount of approximately $500,000 will be required to be paid for in cash. In addition, it is anticipated that cash of approximately $200,000 will be used on remodeling certain of the Company's other real estate assets.

Invested assets at September 30, 1991 were $27,387,000 whereas policy liabilities were $42,061,000. The excess of policy liabilities over invested assets of $14,674,000 is not unusual and does not necessarily indicate any financial deficiency. At September 30, 1991, actual invested and investable funds (investment income receivable, receivables from financial institutions and cash, less accounts payable) were $35,361,000 and Deferred Acquisition Costs were $10,194,00. Total policy liabilities (excluding policy liabilities relating to NALAC business as NALAC holds the assets) were $38,969,000, compared to estimated statutory policy liabilities of $35,400,000. Management expects that interest earned on invested and investable funds plus interest implicit in the amortization of deferred policy acquisition costs will be sufficient to cover interest accruable on policy liabilities. In addition, surrender charges will represent significant sources of revenue to also cover interest accruable on policy liabilities.

The Company's cash position increased by $3,867,000 to $4,367,000 during the nine months ended September 30, 1991. The increase represents the high level of annuity and insurance products sold during the period. However, the commissions and sales expenses associated with this increased level of sales have caused a reduction in the Company's surplus as reported at September 30, 1991, for regulatory purposes. This rapid growth of the Company may require the ,Company to seek coinsurance arrangements with other insurers in order to support the growth and meet statutory capital and surplus requirements of the regulatory authorities that have jurisdiction over the Company's insurance subsidiaries. The Company believes such arrangements, together with any necessary debt financing will be sufficient to meet its working capital needs during and after the next 12 months. It is management's preference, however, to meet such working capital needs through additional stock sales.

In order to enhance the capital position of Old Colony and to dispose of Old Colony's existing block of in-force life insurance policies which were not compatible with the products developed by RHC, on June 28, 1991, Old Colony's life insurance policies in force as of the acquisition of Old Colony by RHC were coinsured. (See "Results of Operations," above.)

The Company is currently considering whether to enter into coinsurance arrangements with other major reinsurers. This is a routine procedure for life insurance companies which are growing rapidly. Substantial operating costs are being incurred in connection with launching the new product line and the Company anticipates generating statutory operating losses for the next one or two years until it achieves desired premium volume objectives. The coinsurance arrangements would be intended to support the Company's growth and allow the Company to meet its liquidity requirements and enable Old Colony to maintain statutory capital and surplus which is in excess of the amounts required by the regulatory authorities in the states in which Old Colony is licensed.

The Company's ability to draw on resources from its insurance subsidiaries for purposes of paying dividends on its obligations may be limited by insurance regulations in the states in which the subsidiaries do business; such regulations may limit the ability of the subsidiaries to make distributions to the Company. (See "INSURANCE COMPANY REGULATION - Dividends.")

In order for Old Colony to meet state statutory requirements for solvency of insurers in its domiciliary state, Old Colony must have capital and surplus determined under statutory accounting principles of $2,500,000. To achieve that amount at December 31, 1991, Old Colony will be required to obtain a letter of credit supporting $2,377,000 of contingent proceeds from the sale of its investment in GSLH stock and the Company must be able to meet its financial obligations, including the requirement to satisfy debt in the amount of $3,200,000 which is secured by certain shares of GSLH stock, from sources other than the proceeds of such sale so that all proceeds can be applied to Old Colony's capital and surplus. While the Company expects to meet these requirements, there can be no assurance that the Company will be able to accomplish the required actions. If Old Colony does not have sufficient capital and surplus, the Georgia Insurance Department may revoke Old Colony's authority to write business or initiate receivership proceedings.

Other Sources of Funds; Subsequent Developments

The Company expects to generate additional funds from the sale of common and preferred stock to employees, Producers and other investors and from fees generated from marketing and servicing agreements with NALAC. Since February of 1990, the Company has been the beneficial owner of 1,829,555 shares of GSLH contributed to the Company by John and Lynda Regan and others in exchange for stock of RHC. These shares were recorded at a value of $2,557,000. RHC subsequently contributed these shares to the capital of Old Colony. The Georgia Insurance Department challenged the inclusion of these shares as an Admitted Asset in connection with its examination of the Company as of December 31, 1990. However, in connection with the settlement of litigation between GSLH, the Regans and other parties, GSLH repurchased these shares for an aggregate price of approximately $11,885,000 in February 1992. Of this amount, $9,508,000 becomes immediately available to the Company and the remainder will be held in escrow pending certain contingencies. Upon closing the sale, this transaction will produce a gain for the Company of $6,953,000 (which may be increased depending upon the contingencies referred to above) in 1992, and an increase in the capital and surplus of Old Colony.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REGAN HOLDING CORP.

February [illegible], 1992

By ________________________
R. Larry Warnock
Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REGAN HOLDING CORP.

February __, 1992

By ____________________________
R. Larry Warnock
Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REGAN HOLDING CORP.

February 13, 1992

By R. Larry Warnock
R. Larry Warnock
Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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Quarterly Report Under Section 13 or 15(d
of the Securities Exchange Act of

For Quart 1 May 31, 1992

Commission File Number 9-3492

RESERVE INDUSTRIES CORPORATION
(exact name of registrant as specified in its charter)

PROCESSED BY
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New Mexico
(State or other jurisdiction of
incorporation of organization)

85-0128783
(I.R S. Employer
ification Number)

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20 First Plaza, Suite 308, Albuquerque, New Mexico
(Address of principal executive offices)

87102
(Zip Code)

Registrant's telephone number, including area code (505) 247-2384

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

At July 10, 1992, 2,805,043 shares of common stock, $1.00 par value were outstanding.

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PART I. Financial Information

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RESERVE INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MAY 31, 1992 and NOVEMBER 30, 1991

ASSETS	1992	1991
CURRENT ASSETS:		
Cash and cash equivalents	$ 17,554	$ 69,074
Marketable securities	38,360	39,460
Receivables, less allowance for doubtful accounts of $275,394 in 1992 and 1991	402,076	420,871
Receivables from affiliates	818,499	818,499
Inventories	533,257	507,160
Prepaid expenses and deposits	30,490	60,467
Investment in limited partnership	36,000	100,000
Total current assets	1,876,236	2,015,531
PROPERTY, PLANT AND EQUIPMENT, at cost	11,741,398	11,738,913
Less accumulated depreciation and depletion	(2,718,876)	(2,644,544)
	9,022,522	9,094,369
INVESTMENT IN UNCONSOLIDATED AFFILIATES	3,888,870	3,651,870
CONTRACTUAL RIGHTS, NET	700,000	719,445
ORGANIZATION COSTS, less accumulated amortization of $44,597 in 1992 and $41,087 in 1991	32,719	36,229
GOODWILL, less accumulated amortization of $64,166 in 1992 and $59,166 in 1991	35,834	40,834
OTHER ASSETS	124,710	124,710
	$ 15,680,891	$ 15,682,988
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
CURRENT LIABILITIES:		
Short-term debt	$ 805,931	$ 746,756
Current portion of long-term debt	726,742	774,394
Trade accounts payable	1,720,112	1,507,250
Other current liabilities	2,760,799	2,435,233
Total current liabilities	6,013,584	5,463,633
LONG-TERM OBLIGATIONS:		
Long-term debt, less current portion	4,486,733	4,505,970
DEFERRED GAIN from stock issued for debt reduction	1,500,000	1,500,000
STOCKHOLDERS' INVESTMENT:		
Common stock, $1.00 par value. Authorized 6,000,000 shares, issued and outstanding 2,805,043 shares in 1992 and 1991	2,805,043	2,805,043
Additional paid-in capital	7,458,718	7,458,718
Accumulated deficit	(6,583,187)	(6,050,376)
Total stockholders' investment	3,680,574	4,213,385
	$ 15,680,891	$ 15,682,988

The accompanying notes are an integral part of these consolidated statements.

RESERVE INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDING MAY 31, 1992 AND 1991

	Six Months Ending May 31		Quarter Ending May 31	
	1992	1991	1992	1991
REVENUES:				
Sales	$ 1,483,018	$ 3,141,787	$ 792,497	$ 1,675,28
Investment income		-	-	-
Gains (losses) on sales -				
Marketable securities	109,575	-	-	
Property and equipment	-	-	-	-
Income from affiliates -				
Equity in earnings	223,000	143,000	138,000	48,60
Consulting	18,000	18,000	9,000	9,00
Other	22,363	2,816	14,000	(567
	1,855,956	3,305,603	953,497	1,732,31
COSTS AND EXPENSES:				
Cost of sales	1,393,430	3,051,826	724,191	1,619,57
General and administration	624,671	1,191,008	213,605	791,43
Interest	268,479	293,968	131,247	165,30
Depreciation and amortization	102,187	431,302	32,805	214,29
Reduction of capitalized equpment, exploration, acquisition and carrying costs	-	-	-	-
	2,388,767	4,968,104	1,101,848	2,790,68
Income (loss) from continuing operations	(532,811)	(1,662,501)	(148,351)	(1,058,37
PROVISION FOR INCOME TAXES:	-	-	-	-
Income (loss) before extraordinary items	(532,811)	(1,662,501)	(148,351)	(1,058,37
EXTRAORDINARY ITEMS:				
Reduction of income taxes from net operating loss carryforward	-	-	-	-
Net income (loss)	$ (532,811)	$ (1,662,501)	$ (148,351)	$ (1,058,37
EARNINGS (LOSS) PER SHARE:				
Income (loss) from continuing operations	$ (0.21)	$ (0.79)	$ (0.06)	$ (0.50
Provision for income taxes	-	-	-	-
Extraordinary items	-	-	-	-
Net income (loss) per share	$ (0.21)	$ (0.79)	$ (0.06)	$ (0.50
Weighted Average Number of Shares of Common Stock Outstanding	2,595,454	2,112,114	2,595,454	2,112,114

The accompanying notes are an integral part of these consolidated statements.

RESERVE INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDING MAY 31, 1992 AND 1991

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (532,811)	$ (1,662,501)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Cost of stock issued for services	-	313,177
Depreciation and amortization	102,187	431,302
Reduction of capitalized equpment, exploration, acquisition and carrying costs		-
Equity in earnings of affiliates	(223,000)	(143,000)
(Gain) loss on sale of property and equipment		-
(Gain) loss on sale of marketable securities	(109,575)	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	18,795	(2,910)
(Increase) decrease in inventories	(26,097)	(121,452)
(Increase) decrease in other current assets	29,977	(125,673)
Increase (decrease) in trade accounts payable	212,862	243,547
Increase (decrease) in other current liabilities	325,566	383,133
(Increase) decrease in other assets	-	1,088
Total adjustments	330,715	979,212
Net cash provided (used) by operating activities	(202,096)	(683,289)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	174,675	-
Capital expenditures	(2,385)	(1,907,882)
Investment in unconsolidated affiliates	(14,000)	(274,000)
Organization expenditures	-	-
Net cash provided (used) by investing activities	158,290	(2,181,882)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of long-term debt		2,736,717
Principal payments on long-term debt	(66,889)	(207,393)
Issuance of common stock and stock options		
for extinguishment of debt	-	-
for extinguishment of related accrued interest	-	-
Net principal increase (payments) in short-term debt	59,175	308,974
Net cash provided (used) by financing activities	(7,714)	2,838,298
Net (decrease) increase in cash and cash equivalents	(51,520)	(26,873)
Cash and cash equivalents at beginning of year	69,074	155,594
Cash and cash equivalents at February 28, 1992 and 1991	$ 17,554	$ 128,721
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 48,260	$ 73,206

The accompanying notes are an integral part of these consolidated statements.

FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying statements, which should be read in conjunction with the Consolidated Financial Statements included in the fiscal year end 1991 Annual Report filed on Form 10-K, are unaudited but have been prepared in the ordinary course of business of the purpose of providing information with respect to the interim periods, and are subject to audit at the close of the year. However, it is the opinion of the management of the Company that all adjustments (none of which were other than normal recurring accruals) necessary for a fair presentation of such periods have been included.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Six months ended May 31, 1992 compared with six months ended May 31, 1991

During the first six months the company lost $532,811 or $0.21 per share as compared to losses of $1,662,501 or $0.79 per share in the first six months of last year.

The Company's revenues for the first six months were $1,855,956 as compared to $3,305,603 for the first six months of last year. The revenues and cost of sales were reduced as a result of the suspension of operations at the Company's wholly owned subsidiary L-Bar Products, Inc. The general and administration costs decreased from last year as a result of the Company's effort to bring expenditures in line with cash flow. The effect of the reductions were partially offset due to the legal expenses related to the special shareholders meeting. Some of the expenses contained in the general and administrative costs have been accrued but not paid due to the Company's limited cash flow.

On December 6, 1991 the Company suspended operations at its wholly owned subsidiary, L-Bar Products, Inc.. The operations were suspended because of the disruption in sales under L-Bar's long-term magnesium granule sales contract. The Company is working to develop alternative sales outlets for its magnesium granules. On December 13, 1991 Northwest Alloys Inc., the company that provides the waste products that L-Bar processes, announced a 40% reduction in its production which further complicates the situation. At this reduced level of production it is even more difficult to sustain the L-Bar operation.

On December 13, 1991 an involuntary petition for Chapter 7 liquidation under the bankruptcy code was filed against L-Bar Products by three of its creditors. On July 13, 1992, L-Bar Products filed a petition for Chapter 11 protection in order to develop a plan to pay its creditors.

Quarter ended May 31, 1992 compared with the quarter ended May 31, 1991

During the second quarter the company lost $148,351 or $0.06 per share as compared to losses of $1,058,375 or $0.50 per share in the second quarter of last year.

The Company's revenues for the second quarter were $953,497 as compared to $1,732,313 for the second quarter of last year. The revenues and cost of sales were reduced as a result of the suspension of operations at the Company's wholly owned subsidiary L-Bar Products, Inc.. The general and administration costs decreased from last year as a result of the Company's effort to bring expenditures in line with cash flow.

Liquidity and Capital Resources

Period from December 1, 1991 to May 31, 1992

Working capital decreased $689,246 for the six months because of losses from operations. The decrease in working capital includes $469,603 in accrued salaries and interest. The Company did not make any significant capital improvement expenditures during this period.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

On July 13, 1992 L-Bar Products Inc., a wholly owned subsidiary of the Company filed a reorganization petition under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court, District of New Mexico.

ITEM 2. Changes in Securities

Not Applicable

ITEM 3. Defaults upon Senior Securities

Not Applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

The Company held its Annual Meeting in Albuquerque, New Mexico on May 12, 1992. All of the directors nominated were elected to hold office until the next annual meeting of the shareholders or until their successors are elected and qualified. The proxy statement for the 1992 Annual Meeting of the shareholders in incorporated herein by reference.

ITEM 5. Other Information

Not Applicable

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits - copy of the petition noted in Item 1. above.
(b) Reports - none

SIGNATURE

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESERVE INDUSTRIES CORPORATION
(Registrant)

By______________________________
William J. Melfi, Vice President
Finance and Administration
(Principal Financial and Accounting
Officer and Authorized Officer)

Date: July 13, 1992

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

492-2240

For Quarter Ended May 31, 1992 Commission File Number 0-288

Robbins & Myers, Inc.
(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of incorporation or organization)

31-0424220
(I.R.S. Employer Identification No.)

1400 Kettering Tower, Dayton, Ohio
(Address of principal executive offices)

45423
(Zip Code)

Registrant's telephone number including area code (513) 222-2610

None
Former name, former address and former fiscal year if changed since last report

Indicate by mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES X NO __

Common shares, without par value, outstanding as of May 31, 1992: 5,074,483

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ROBBINS & MYERS, INC. AND SUBSIDIARIES
DAYTON, OHIO

CONSOLIDATED BALANCE SHEETS

	May 31, 1992 (UNAUDITED)	August 31, 1991
ASSETS		
Current Assets		
Cash and cash equivalents	$3,245,197	$31,372,886
Marketable securities	20,339,719	0
Accounts receivable, net	15,134,292	15,663,628
Inventories:		
Finished products	3,665,173	2,392,758
Products in process	609,107	442,136
Materials and supplies	1,268,095	1,124,414
Prepaid expenses	321,255	369,030
Total Current Assets	44,582,838	51,364,852
Intangible Assets	5,370,769	1,412,772
Other Assets	1,064,025	769,239
Property, Plant and Equipment	41,496,797	36,235,510
Less Allowances for Depreciation	(22,288,379)	(20,524,105)
	19,208,418	15,711,405
	$70,226,050	$69,258,268

See Notes to Consolidated Financial Statements

ROBBINS & MYERS, INC. AND SUBSIDIARIES
DAYTON, OHIO

CONSOLIDATED BALANCE SHEETS

	May 31, 1992 (UNAUDITED)	August 31, 1991
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$4,073,689	$5,586,114
Accrued liabilities	6,452,019	8,269,599
Federal income taxes payable	367,115	611,139
Current portion long-term debt	32,090	214,889
Total Current Liabilities	10,924,913	14,681,741
Long-Term Debt	899,412	878,759
Other Long-Term Liabilities	4,059,374	4,466,106
Shareholders' Equity		
Common stock without par value: Authorized shares--------10,000,000 Outstanding shares--------5,074,483 at May 31, 1992 and 5,041,620 at August 31, 1991 after deducting shares in treasury--------122,571 at May 31, 1992 and 99,734 at August 31, 1991	19,469,230	19,496,783
Retained earnings	33,988,896	28,904,276
Equity adjustment for foreign currency translation	884,225	830,603
	54,342,351	49,231,662
	$70,226,050	$69,258,268

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ROBBINS & MYERS, INC. AND SUBSIDIARIES
DAYTON, OHIO

STATEMENTS OF CONSOLIDATED INCOME
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	May 31, 1992	May 31, 1991	May 31, 1992	May 31, 1991
FROM CONTINUING OPERATIONS:				
Net Sales	$19,693,410	$21,567,816	$57,555,682	$58,620,177
Less:				
Cost of sales	11,919,357	13,252,279	35,140,644	36,206,889
	7,774,053	8,315,537	22,415,038	22,413,288
Engineering and development	767,282	523,213	1,791,802	1,568,044
Selling and administrative expenses	4,142,142	4,455,677	12,244,555	12,165,793
Interest expense	13,755	12,890	47,115	38,432
Other deductions - net	466,192	454,939	1,523,120	1,218,754
Investment income	(181,124)	(113,749)	(1,075,323)	(335,776)
Income Before Income Taxes	2,565,806	2,982,567	7,883,769	7,758,041
Income Taxes	554,192	161,714	1,849,130	944,916
Income From Continuing Operations	2,011,614	2,820,853	6,034,639	6,813,125
FROM DISCONTINUED OPERATIONS:				
Loss from operations - net of income taxes	0	(92,049)	0	(894,279)
Loss on disposal - net of income taxes	0	0	0	(375,000)
Loss from Discontinued Operations	0	(92,049)	0	(1,269,279)
Net Income	$2,011,614	$2,728,804	$6,034,639	$5,543,846
EARNINGS PER SHARE				
PRIMARY:				
Income From Continuing Operations	$0.38	$0.56	$1.15	$1.36
Loss From Discontinued Operations	0.00	(0.02)	0.00	(0.25)
Total	$0.38	$0.54	$1.15	$1.11
ASSUMING FULL DILUTION:				
Income From Continuing Operations	$0.38	$0.56	$1.15	$1.36
Loss From Discontinued Operations	0.00	(0.02)	0.00	(0.25)
Total	$0.38	$0.54	$1.15	$1.11
Ending Common Shares Outstanding	5,074,483	5,029,604	5,074,483	5,029,604
Dividends Per Share				
Declared	$0.100	$0.0750	$0.1875	$0.1375
Paid	0.050	$0.0375	$0.1375	$0.1000

See Notes to Consolidated Financial Statements

ROBBINS & MYERS, INC. AND SUBSIDIARIES
DAYTON, OHIO
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended May 31,	
	1992	1991
OPERATING ACTIVITIES		
Net Income	$6,034,639	$5,543,846
Equity Adjustment for Foreign Currency Translation	53,622	(513,689)
Adjustment Required to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	1,799,533	1,564,574
Amortization	11,953	18,049
Changes in operating assets and liabilities - excluding the effects of the purchase of PROCHEM Mixing Equipment:		
Accounts receivable, net	1,827,873	(3,485,570)
Inventories	(63,219)	(1,282,437)
Prepaid expense	75,328	12,686
Accounts payable	(2,522,102)	503,585
Accrued liabilities	(2,061,604)	1,408,488
Other long-term liabilities	(406,732)	(523,697)
Other assets	(294,786)	(475,495)
Net assets of discontinued operations	0	2,551,112
Net Cash and Cash Equivalents Provided by Operating Activities	4,454,505	5,321,452
INVESTMENT ACTIVITIES		
Capital Expenditures, Net of Nominal Disposals	(3,341,186)	(2,351,734)
Purchase of Marketable Securities	(20,339,719)	0
Purchase of PROCHEM Mixing Equipment	(7,761,571)	0
Net Cash and Cash Equivalents Used by Investment Activities	(31,442,476)	(2,351,734)
FINANCING ACTIVITIES		
Payment of Long Term-Liabilities	(162,146)	(61,428)
Proceeds from Sale of Common Stock	631,712	182,937
Purchase of Common Stock	(659,265)	(5,558)
Dividends Paid	(950,019)	(501,412)
Net Cash and Cash Equivalents Used By Financing Activities	(1,139,718)	(385,461)
(Decrease) Increase in Cash and Cash Equivalents	(28,127,689)	2,584,257
Cash and Cash Equivalents at Beginning of Period	31,372,886	6,423,900
Cash and Cash Equivalents at End of Period	$3,245,197	$9,008,157

See Notes to Consolidated Financial Statements

ROBBINS & MYERS, INC. AND SUBSIDIARIES
DAYTON, OHIO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - During Fiscal 1991 the Company sold the assets and business of its former Motion Control Group for cash. These transactions have been recorded as the disposal of a segment of business. Accordingly the net assets and operating results of the Motion Control Group have been classified as discontinued operations for all periods presented in the consolidated financial statements.

NOTE B - In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments consisting of normal recurring items necessary to present fairly the financial condition of the Company as of May 31, 1992 and the results of its operations for the three month and nine month periods ended May 31, 1992 and May 31, 1991 and its cash flows for the nine month periods ended May 31, 1992 and May 31, 1991.

NOTE C - Net income per share was calculated as disclosed in Exhibit 11.

NOTE D - On February 28, 1992, Robbins & Myers Canada, Ltd. acquired the business and certain assets of PROCHEM Mixing Equipment Ltd. and PROCHEM Mixing Equipment, Inc. for cash. The transaction has been included in the accompanying consolidated balance sheet.

The following is a pro forma summary (unaudited) of the consolidated results of operations, assuming the purchase had taken place on September 1, 1990:

	Nine Months Ended	
	May 31, 1992	May 31, 1991
Net Sales	$61,707,866	$66,856,760
Net Income	5,774,724	6,256,743
Net Income Per Share	$1.10	$1.25

	Three Months Ended	
	May 31, 1992	May 31, 1991
Net Sales	$19,693,410	$24,204,635
Net Income	2,011,614	2,920,646
Net Income Per Share	$ .38	$ .58

NOTE E - On December 11, 1991, a two-for-one stock split was authorized by the Board of Directors for each Common Share held of record at the close of business on January 10, 1992. The Common Shares were distributed on January 31, 1992. All references in the financial statements with regard to average number of shares of common stock and related prices, dividends and per share amounts have been restated to reflect the stock split.

ROBBINS & MYERS, INC. AND SUBSIDIARIES
DAYTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following represents management's discussion and analysis of certain significant factors which affected the Company's earnings and changes in financial condition during the periods included in the accompanying statements of consolidated income and the consolidated balance sheets.

SALES AND NET INCOME

Net sales from continuing operations for the current quarter totaled $19,693,000, compared to $21,568,000 in the same quarter of last year and up from $18,526,000 in the previous quarter. For the first nine months net sales of $57,556,000 was down from $58,620,000 in the same period of last year. The reductions in sales relate primarily to the Company's Oilfield Products business unit which experienced high operating levels last year as a result of demand associated with the Persian Gulf crisis.

Income from continuing operations for the quarter totaled $2,012,000 compared to $2,821,000 in the same quarter of last year and $2,008,000 in the previous quarter. Primary earnings per share from continuing operations were $.38 per share, compared to $.56 per share in the same quarter of 1991 and $.38 per share in the previous quarter. For the first nine months, income from continuing operations of $6,035,000 was down from $6,813,000 in the same period of 1991. Primary earnings per share from continuing operations for the first nine months were $1.15 per share, compared to $1.36 per share in the same period of 1991. The decline in income is due to the reduced sales levels noted above and the change in the effective tax rate as discussed on the next page.

Net Income for the quarter totaled $2,012,000. Net income in the same period last year was $2,729,000 which included a loss from discontinued operations of $92,000. Net Income in the prior quarter totaled $2,008,000. For the first nine months, net income of $6,035,000 is up from $5,544,000 in the same period of last year which included a loss from discontinued operations of $1,269,000.

COSTS AND EXPENSES

Cost of goods sold, engineering and development, and selling and administrative expenses are about the same as a percentage of sales as the same period last fiscal year and the immediately preceeding quarter.

PROVISION FOR INCOME TAXES

During the current quarter, based on estimates of profits and the impact of its remaining loss carryforward, the Company's effective income tax rate is 25% which it expects to use for the remainder of the year. The effective tax rate used in the third quarter of last year was 11%

LIQUIDITY AND CAPITAL RESOURCES

During the most recent quarter there were no significant changes in liquidity. The Company generally expects cash flow from operations to be sufficient for normal purposes with bank debt used for major investment activities. A revolving credit agreement providing for borrowing of up to $12 million is maintained with a major U.S. bank. At May 31, 1992, there were no outstanding borrowings under the agreement.

OTHER

Unfilled orders as of May 31, 1992 totaled $11,529,000 compared to $22,365,000 at the same time last year and $14,454,000 at the beginning of the current quarter. The backlog at the same time last year was unusually high due in part to the strong demand for oilfield products resulting from the Persian Gulf crisis. The reduction in backlog in the current quarter reflects generally soft order rates for all major product lines.

ITEM 6. **Exhibits and Reports on Form 8-K**

(a) See index to exhibits.

(b) Reports on Form 8-K. During the quarter ended May 31, 1992, the Company did not file any reports on Form 8-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROBBINS & MYERS, INC
(Registrant)

DATE: 7/10/92

BY: George M Walker
George M. Walker
Vice President & CFO
(Principal Financial Officer)

INDEX TO EXHIBITS

Located at
Manually
Numbered page

(11) **STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS:**

11.1 Computation of Per Share Earnings........... 2

Exhibit 11.1

ROBBINS & MYERS, INC.

STATEMENT RE: COMPUTATON OF PER SHARE EARNINGS

(Amounts in thousands, except per share data)	Three Months Ended		Nine Months Ended	
	May 31, 1992	May 31, 1991	May 31, 1992	May 31, 1991
PRIMARY				
Average shares outstanding	5,071	5,012	5,063	5,012
Net efffect of dilutive stock options - based on the treasury stock method using average market price	171	152 (1)	174	126 (1)
TOTAL	5,242	5,164	5,237	5,138
Income From Continuing Operations	$2,012	$2,821	$6,035	$6,813
Loss From Discontinued Operations	0	(92)	0	(1,269)
NET INCOME	$2,012	$2,729	$6,035	$5,544
PER SHARE AMOUNTS:				
Income From Continuing Operations	$0.38	$0.55	$1.15	$1.33
Loss From Discontinued Operations	0.00	(0.02)	0.00	(0.25)
NET INCOME	$0.38	$0.52	$1.15	$1.08
FULLY DILUTED				
Average shares outstanding	5,071	5,012	5,063	5,012
Net effect of dilutive stock options - based on the treasury stock method using the period-end market price, if higher than average market price	171	155 (1)	181	135 (1)
TOTAL	5,242	5,167	5,244	5,147
Income From Continuing Operations	$2,012	$2,821	$6,035	$6,813
Loss From Discontinued Operations	0	(92)	0	(1,269)
NET INCOME	$2,012	$2,729	$6,035	$5,544
PER SHARE AMOUNTS:				
Income From Continuing Operations	$0.38	$0.55	$1.15	$1.32
Loss From Discontinued Operations	0.00	(0.02)	0.00	(0.25)
NET INCOME	$0.38	$0.52	$1.15	$1.07

(1) This calculation is submitted in accordance with Regulation S-K item 601(b)(11) although not required by footnote 2 to paragraph 14 of APB Opinion No. 15 because it results in dilution of less than 3%.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

RECEIVED
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For the transition period from ______________ to ______________

Commission file number 0-19031

SARGENT, INC.
(Exact name of registrant as specified in its charter)

9-9-2

DELAWARE
(State or other jurisdiction of incorporation or organization)

76-0323500
(I.R.S. Employer Identification No.)

Microfilmed by Q-Data Corp. - St. Petersburg, FL

2472 EAST ROAD, 8 NORTH
MONTE VISTA, COLORADO
(Address of principal executive offices)

81144
Code

Registrants telephone number, including area code (719) 852-3564

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No ____.

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable dates.

Title of Each Class	Outstanding at January 31, 1992
Common Stock, $.001 par value	11,707,500

SARGENT, INC.
(FORMERLY KNOWN AS SARGENT PRODUCE COMPANY)
BALANCE SHEETS

ASSETS

	January 31, 1992 (Unaudited)	July 31, 1991 (Audited)
CURRENT ASSETS		
Cash	$ 56,067	$ 7,810
Accounts Receivable	862,553	67,618
Inventories	960,879	1,349,315
Prepaid Expenses and Advances	70,283	67,759
Total Current Assets	1,949,782	1,492,502
PROPERTY, PLANT AND EQUIPMENT-NET	6,175,781	6,110,965
OTHER ASSETS	244,953	178,469
TOTAL ASSETS	$ 8,370,516	$ 7,781,936

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992 (Unaudited)	July 31, 1991 (Audited)
CURRENT LIABILITIES		
Accounts Payable - Trade	$ 285,680	$ 209,418
Notes Payable	125,950	77,250
Note Payable - Chairman of Board and Major Stockholder	176,627	180,000
Accrued Expenses	432,028	445,280
Current Portion of Long-Term Debt	-	829,561
Due to Related Parties	1,085,606	1,369,024
Total Current Liabilities	2,105,891	3,110,533
LONG-TERM DEBT		
Long-Term Debt, Less Current Portion	1,741,404	712,766
TOTAL LIABILITIES	3,847,295	3,823,299
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY:		
Common Stock, $.001 Par Value, 50,000,000 Shares Authorized, 11,707,500 Shares Issued and Outstanding (A 1 for 4 Reverse Stock Split - April 29, 1991)	11,707	11,707
Additional Paid-In Capital	4,960,731	4,960,731
Retained Earnings (Deficit)	(449,217)	(1,013,801)
Total Stockholders' Equity	4,523,221	3,958,637
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,370,516	$ 7,781,936

SARGENT, INC.
(FORMERLY KNOWN AS SARGENT PRODUCE COMPANY)
STATEMENTS OF INCOME (LOSS)
FOR THE SIX MONTHS ENDED JANUARY 31, 1992 AND 1991
(UNAUDITED)

	FOR THE THREE MONTHS ENDED JANUARY 31,		FOR THE SIX MONTHS ENDED JANUARY 31,	
	1992	1991	1992	1991
REVENUE	$2,323,192	$2,602,508	$3,408,584	$3,690,027
COST OF REVENUE	1,508,941	2,103,480	2,070,805	2,852,413
GROSS PROFIT	814,251	499,028	1,337,779	837,614
OPERATING EXPENSES:				
General and Administrative Expenses	467,871	253,675	746,617	413,353
Depreciation and Amortization Expense	15,287	137,261	26,584	155,448
OPERATING EXPENSES	483,158	390,936	773,201	568,801
INCOME FROM OPERATIONS	331,093	108,092	564,578	268,813
OTHER INCOME(EXPENSE):				
Interest Income	1	-	1	16
Interest Expense	(20,539)	(53,260)	(40,393)	(83,260)
OTHER INCOME (EXPENSES)	(20,538)	(53,260)	(40,392)	(83,244)
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	310,555	54,832	524,186	185,569
INCOME TAXES	175,481	28,900	241,981	63,100
INCOME BEFORE EXTRAORDINARY ITEM	135,074	25,932	282,205	122,469
EXTRAORDINARY ITEM:				
TAX BENEFIT OF NET OPERATING LOSS CARRYOVER	(175,481)	28,900	(241,981)	(63,100)
NET INCOME	$ 310,555	$ 54,832	$ 524,186	$ 185,569
NET INCOME (LOSS) PER SHARE:				
INCOME BEFORE EXTRAORDINARY ITEM	$ .01	$ .00	$ .02	$ .01
EXTRAORDINARY ITEM	(.02)	(.00)	(.02)	(.00)
NET INCOME (LOSS)	$ .03	$ .00	$ .04	$ .01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (1 FOR 4 REVERSE APRIL 29, 1991)	11,707,500	11,707,500	11,707,500	11,707,500

SARGENT, INC.
(FORMERLY KNOWN AS SARGENT PRODUCE COMPANY)
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JANUARY 31,

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$ 2,613,649	$ 2,789,388
Cash Paid to Employees, Suppliers and Subcontractors	(2,718,402)	(2,699,657)
Interest Received	1	16
Interest Paid	(40,393)	(83,260)
Net Cash Provided (Used) by Operating Activities	(145,145)	6,487
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Long-Term Borrowings	239,475	278,431
Principal Payments on Notes Payable	(22,637)	(180,000)
Proceeds from Notes Payable	67,964	-
Net Cash Provided (Used) by Financing Activities	284,802	98,431
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Property, Plant and Equipment	-	65,564
Purchase of Property, Plant and Equipment-Net	(91,400)	-
Net Cash Provided (Used) by Investing Activities	(91,400)	65,564
NET INCREASE (DECREASE) IN CASH	48,257	170,482
CASH AT BEGINNING OF PERIOD	7,810	3,232
CASH AT END OF PERIOD	$ 56,067	$ 173,714
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	$ 524,186	$ 185,569
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	26,584	23,971
(Increase) Decrease in Accounts Receivable	(794,935)	(900,639)
(Increase) Decrease in Inventory	388,436	-
(Increase) Decrease in Prepaid Expenses	(2,524)	(493)
(Increase) Decrease in Other Assets	(66,484)	(8,348)
Increase (Decrease) in Accounts Payable	76,262	676,309
Increase (Decrease) in Accrued Expenses	(13,252)	30,118
Increase (Decrease) in Related Party	(283,418)	-
Net Cash Provided (Used) by Operating Activities	$ (145,145)	$ 6,487

SARGENT, INC.
(FORMERLY KNOWN AS SARGENT PRODUCE COMPANY)
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 1992

BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10Q and, therefore, do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. Except as disclosed herein, there has been no material change in the information disclosed in the notes to financial statements included in the Company's Annual Report on Form 10-K for the year ended July 31, 1991. In the opinion of Management, all adjustments considered necessary for a fair presentation have been included. Operating results for the six month period ended January 31, 1992 are not necessarily indicative of the results that may be expected for the year ending July 31, 1992.

PART I

Item 2 - Managements Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources. At January 31, 1992, the ratio of current assets to current liabilities was .93 to 1.00, compared with .48 to 1.00 at July 31, 1991. The inventory increase from July 31, 1991 to January 31, 1992 reflects the costs relating to the growing crops. Net cash provided by operations is the Company's major source of capital. The Company anticipates that in future years additional cash flows from operations will be provided by the Company's farming activities. The Company further anticipates that the majority of the potatoes sold will be provided by the Company's farming activities instead of being purchased from outside farmers. Cash flows from financing activities included proceeds from borrowings and debt reduction. The ratio of debt to total equity was .69 to 1 at January 31, 1992 and .97 to 1.00 at July 31, 1991.

The primary internal source of liquidity is cash receipts from the sale of potatoes in the ordinary course of business. The majority of the sales take place from harvest time, which begins in September, until the end of May. During the remainder of the year, external sources are used to meet the current operating cash needs of the Company, primarily the short term bank borrowings. This currently is a $250,000 short-term line of credit with the First National Bank of Alamosa (Colorado) at their prime rate plus two percent. It is personally guaranteed by the major stockholder and further secured by his assets. As of January 31, 1992, the outstanding balance of this loan was $125,950. Normally, the Company borrows under this line of credit during the summer to fund warehouse operations and curtails it once the majority of harvest sales have occurred. This year, however, the curtail has been delayed due to the pending private placement of $9,300,000 of convertible preferred stock. There can be no assurance that the Company will be successful in this attempt to raise these funds. The only unused source of liquidity for the Company would be additional borrowings secured by unencumbered assets or sale of Company assets, neither of which would have been feasible during the past three fiscal years. Major stockholders have informed the Company that they can no longer be counted on for loans or guarantees for other borrowings.

Liquidity for the next six months is expected to be provided by the collection of accounts receivable from current potato crop sales and from sales of the new crop which began in October, 1991.

The Company expects to expend approximately $1,200,000 during the next twelve months for improvements to the combination warehouse and office facility. An additional $4,400,000 is expected to be spent on farm land and farming equipment when the Private Placement is completed.

Analysis of Operations. Revenue for the six months ended January 31, 1992 remained consistent, while earnings actually increased. Net income for the six months was $524,186, or $.02 per weighted average share outstanding. The gross profit margin for the period was 39%, a substantial increase over 23% for the prior fiscal year. The increase in general and administrative expenses is attributable to prorata increases in salary and benefits and other operating expenses based upon the volume of revenue. The Company now has the ability to grow approximately one half of the potatoes it sells. The cash flow to support the farming operation is expected to be generated from the reduction in prices previously paid to farmers for their potatoes.

Revenues are generated from the sales of potatoes, and the costs of sales are the costs related to the purchase and preparation of the potatoes for shipping. The primary changes in these numbers are derived from the fluctuation in the price and quantity of potatoes handled.

The Company subscribes to several national newsletters and reporting services to assist management in its assessment in determining the direction of the market. Such things as crop holdings, weather, processing contracts, and crop failures in other areas directly effect the Company's management decisions.

To date the Company has not paid a dividend and does not anticipate paying a dividend in the foreseeable future.

Payroll and Benefit cost. The total cost of payroll and benefits was $480,514, which included $34,148 in social security taxes. Payroll cost was 21% of sales, remaining consistent with the fiscal period ended July 31, 1991.

PART II

OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SARGENT, INC.

Date: MARCH 10, 1992

FRANK A. CLARK,
CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

(FRANK A. CLARK)	PRINCIPAL FINANCIAL OFFICER	MARCH 10, 1992
(FRANK A. CLARK)	CHIEF ACCOUNTING OFFICER	MARCH 10, 1992
(FRANK A. CLARK)	DULY AUTHORIZED OFFICER	MARCH 10, 1992

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended: January 31, 1992

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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Commission File No.: 0-17702 33-24954

TERMINAL APPLICATIONS GROUP, INC.
e of Registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

11-2214936
(I.R.S. Employer Identification No.)

495 Central Park Avenue, Scarsdale, New York
(Address of principal executive offices)

10583
(Zip Code)

Registrant's telephone number, including area code: (914) 723-0800

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X(1) No ______

(1) Registrant has been subject to the filing requirements for the past 90 days. Due to Registrant's weakened financial condition, a portion of the fees of Coopers & Lybrand, independent certified public accountants of Registrant, for the audit of the financial statements for the 1990 fiscal year remain unpaid. Accordingly, the reports of Coopers & Lybrand on the financial statements and financial statement schedules for the 1991 fiscal year have not been released and were omitted from Registrant's Annual Report on Form 10-K for the 1991 fiscal year.

On March 13, 1992 there were outstanding 6,309,240 shares of Common Stock, $.01 par value per share of the Registrant.

TERMINAL APPLICATIONS GROUP, INC.

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TERMINAL APPLICATIONS GROUP, INC.
BALANCE SHEETS
1/31/92 & 10/31/91

	1/31/92 (Unaudited)	10/31/91 (Unaudited)
ASSETS:		
Cash	$	$ 70,760
Receivables, trade	300,226	239,061
Other receivables	31,494	31,494
Net investment in sales-type leases	1,751,143	1,596,488
Inventory	241,071	266,071
Prepaid expenses	36,521	41,508
Fixed assets, net of acc. dep. (Note 3)	2,083,012	2,178,321
Due from affiliates	30,661	41,068
Deposits	18,460	18,461
Total Assets	$4,492,588	$4,483,232
LIABILITIES & STOCKHOLDERS' EQUITY:		
Liabilities:		
Cash overdraft	$ 12,087	
Long-term debt (Note 4)	2,622,453	$2,624,453
Accounts payable and accrued expenses	1,825,775	1,646,406
Obligations under capital leases	140,617	155,565
Customer deposits and unearned rental income	233,605	263,243
Deferred income	2,782	62,104
Total Liabilities	4,837,319	4,751,771
Stockholders' Equity: (Note 5)		
Preferred stock, par value $.10 per share: 5,000 shares authorized; 156 shares issued and outstanding in 1991 and 1990; Liquidation Preference $26,000	16	16
Common stock, par value $.01 per share: 15,000,000 shares authorized; 6,309,240 issued in 1992 and 6,259,240 in 1991	64,232	63,732
Additional paid-in capital	2,694,223	2,694,222
Deficit	(3,065,202)	(2,988,509)
	(306,731)	(230,539)
Less, Treasury stock, at cost, 114,000 shares of common stock	38,000	38,000
	(344,731)	(268,539)
Total Liabilities and Stockholders' Equity	$4,492,588	$4,483,232

The accompanying notes are an integral part of these financial statements.

TERMINAL APPLICATIONS GROUP, INC.

STATEMENTS OF OPERATIONS

	Three Months Ended January 31,	
	1992 (Unaudited)	1991 (Unaudited)
REVENUES:		
Net sales and related interest income	$ 431,814	$ 377,667
Rentals and maintenance	365,788	182,630
	797,602	560,297
COST OF REVENUES:		
Cost of products sold	52,686	54,170
Cost of rental and maintenance services	332,423	361,096
	385,109	415,266
Gross Profit	412,493	145,031
EXPENSES:		
Operating expenses	98,636	93,494
Research and development	56,172	62,479
Selling expenses	86,495	117,768
General and administrative	184,234	154,733
	425,537	428,474
Loss from operations	(13,044)	(283,443)
Interest expense	63,729	80,020
Loss before tax	(76,773)	(363,463)
Net loss	$ (76,773)	$ (363,463)
Earnings per share of common stock (Note 5)	$ (.01)	$ (.06)
Weighted average shares outstanding	6,275,907	6,259,240

The accompanying notes are an integral part of these financial statements.

TERMINAL APPLICATIONS GROUP, INC.
STATEMENTS OF CASH FLOW
(Increase (Decrease) in Cash and Cash Equivalents)
(Unaudited)

	For the 3 Months Ending January 31,	
	1992	1991
Cash flows provided by (used for) operating activities:		
Net loss	$ (76,773)	$(363,463)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	155,268	123,482
Changes in assets and liabilities:		
Increase in trade receivables	(61,165)	(84,165)
Decrease in other receivables		1,851
(Increase)Decrease in sales-type leases	(154,655)	286,461
Decrease in inventory	25,000	6,239
Increase (Decrease) in prepaid expenses	4,987	(13,331)
(Increase) in deposits		(299)
Decrease (Increase) in due from affiliates	10,407	(2,907)
Increase in accounts payable and accrued expenses	179,369	137,219
(Decrease) increase in customer deposits and unearned income	(29,638)	25,032
Decrease in deferred income	(59,321)	(2,864)
	70,252	476,719
Net cash (used for) provided by operating activities:	(6,521)	113,255
Cash flows used for investing activities:		
Acquisitions of fixed assets	(59,878)	(92,991)
Net cash used for investing activities:	(59,878)	(92,991)
Cash flows provided by (used for) financing activities:		
Reduction of long-term debt, net	(2,000)	(1,490)
Decrease in Capital Lease Obligations	(14,948)	(18,143)
Issuance of common stock	500	
Net cash used for financing activities:	(16,448)	(19,633)
Net (decrease) increase in cash	(82,847)	631
Cash at the beginning of the quarter	$ 70,760	15,513
Cash at the end of the 3 months	$ (12,087)	$ 16,144
Supplemental disclosures:		
Cash paid during the 3 months for:		
Interest	$ 5,954	$ 26,841
Taxes	$ 616	$ 561

The accompanying notes are an integral part of these financial statements.

TERMINAL APPLICATIONS GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

1. The balance sheet as of January 31, 1992 and the comparative statements of operations for the three-month periods ended January 31, 1992 and 1991, and the comparative statements of cash flows for the three-month periods ended January 31, 1992 and 1991 have been prepared by the Company, without audit. In the opinion of management, all adjustments necessary to present fairly the Company's financial position at January 31, 1992 and 1991, and the results of operations and cash flows for the periods presented have been made. All such adjustments are of a normal, recurring nature. Earnings per share are calculated using the weighted-average number of shares outstanding as common stock equivalents are not significant. The balance sheet at October 31,1991 is unaudited.

2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that this information be read in conjunction with the annual financial statements of the Company.

3. Fixed assets are carried at cost, less accumulated depreciation and amortization. Depreciation of property and equipment is generally provided under the straight-line method for financial reporting purposes with expected useful lives ranging from five to seven years. Leasehold improvements are generally amortized over the shorter of useful life or terms of the respective leases.

Fixed assets consisted of the following (principally pledged - see Note 4):

	1/31/92	10/31/91
Data processing equipment	$ 2,400,342	$ 2,393,233
Software	2,198,944	2,149,754
Office furniture and equipment	136,445	147,997
Leasehold improvements	390,597	390,597
	5,126,328	5,081,581
Less, Accumulated depreciation and amortization	3,043,316	2,903,260
	$ 2,083,012	$ 2,178,321

4. Long-term Debt:

Long-term debt consists of the following:

	1/31/92	10/31/91
Bank loan payable, revolving credit and term loan agreement	$ 2,433,510	$ 2,435,000
Notes payable to vendors	188,943	190,943
	$ 2,622,453	$ 2,624,453

The Loan Agreement provides for an interest rate of 1.25% above the prime lending rate and also requires a facility fee of .75% of the balance of the loan on the date of closing. These borrowings are collateralized by substantially all of the Company's assets. In addition, the Agreement contains certain restrictive covenants, including maintenance of net worth and debt to net worth ratios with which the Company is not in compliance. This Agreement matured in August 1990, and the Bank and the Company have been negotiating its restructuring and repayment. No agreement has yet been reached.

TERMINAL APPLICATIONS GROUP, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

5. **Events:**

In January 1991, the Company instituted a work share program under the New York State Unemployment Insurance System. Under the program work schedules and salaries of certain employees were reduced by 20% and such employees receive 20% of their unemployment benefits. This program expired in June 1991. At its expiration, all employees took additional salary cuts.

In February 1992, the Company signed a [illegible] year lease for new space for its headquarters and will move during April 1992. Minimum future rental payments due under the lease exclusive of escalation clauses are as follows:

1992	$ 52,226
1993	89,531
1994	173,165
1995	232,904
1996	245,060
1997	105,726
	$898,612

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Registrant continues to face a growing cash insufficiency which has been and is directly related to the reduced level of sales of the Registrant's Challenger data processing system and delays in fully completing the first version of the software incorporated in the Registrant's new Star Alpha™ data processing system. In response to this cash insufficiency, in March 1990 the Registrant instituted a cost cutting program which included terminating 7 employees and reductions in the salaries of the remaining employees. The largest salary reductions, both in actual dollars and percentages, were made in officers' salaries. In January 1991, the Registrant instituted a work share program under the New York State Unemployment Insurance System. Under this temporary program, the work schedules and salaries of certain employees were reduced by 20% and such employees received 20% of their unemployment insurance benefits. Additionally, the work schedules of other employees were rearranged to reduce overtime and to otherwise reduce costs.

The work share program expired in June 1991 and the Registrant, in order to reduce salary expenses, instituted additional salary and work schedule reductions. Additionally, the Registrant lowered its office rental expense by returning space to the landlord of its New York headquarters and is also attempting to further reduce its rental expense by reducing the amount of office space at its Philadelphia Sales Office. A number of employees also left the Company. Furthermore, to conserve cash during certain periods, the payment of salaries of officers and key employees has been delayed. At March 1, 1992 the Registrant had delayed the payment of approximately $42,500 of such salaries. The total amount of delayed salaries is lower than previously reported and reflects a further reduction in the salaries of officers and key employees and the resultant reduction in the amount of salaries being delayed and accrued. The Registrant has also selectively delayed the payment of various other accounts payable.

Registrant will be relocating its New York headquarters in the second fiscal quarter and has signed a new five year lease for office space. Under the terms of this new lease, rent expense for the first two years will be reduced significantly.

While the Registrant had a backlog of orders of approximately $375,000 at January 31, 1992, approximately $343,200 of such backlog represents orders for the Star Alpha™ system. The Registrant announced the release of certain modules of the Star Alpha™ system in December 1990. The remaining modules of the first version of the Star Alpha™ system have been and will continue to be released for sale as they are completed. The Registrant has installed a pre-release version of portions of the Star Alpha™ system at six customers. The Registrant has commenced installing backlog orders for Star Alpha™ systems that are comprised of the modules which have been released but will not be able to install the remaining backlog until the modules to be installed are completed and are fully operational. Additionally, in conjunction with becoming a Microsoft SQL Solutions Partner, the Registrant will also market the Star Alpha™ system through selected resellers and systems integrators. A salesperson has been hired and six resellers and systems integrators have signed distribution license agreements since the initiation of this program in July 1991.

Total revenues for the first fiscal quarter ended January 31, 1992 and 1991 were $797,602 and $560,297, respectively. The 1992 increase of $237,305, approximately 42%, is directly attributable to a new six month contract with an existing major customer of the Registrant entered into during such period.

The Registrant's gross profit margin on revenues was approximately 52% for the first fiscal quarter ended January 31, 1992 as compared to approximately 26% for the prior year period. The increase in gross profit margin is attributable to the increase in revenues resulting from the large sale to the Registrant's major customer and a small reduction in costs of rental and maintenance services and costs of products sold.

Total expenses as percentage of total revenues were approximately 53% and approximately 76% for the first fiscal quarters of 1992 and 1991, respectively. Expenses were approximately the same in the first fiscal quarters of 1992 and 1991. The Registrant continues to realize the benefits from the personnel and expense reduction programs. The reduction in selling expenses reflects reduced personnel while the increase in general and administrative expenses reflects a change in the duties of existing personnel from software development to administrative functions. Technological feasibility of the software for the Star Alpha™ system was achieved in the fourth fiscal quarter of 1989 and certain of the research and development expenses for that program are being capitalized.

Interest expense decreased to $63,729 from $80,020 for the first fiscal quarters ended January 31, 1992 and 1991 due to the general decrease in interest rates during the 1992 period.

The Registrant is subject to the effects of the general economic recession in the United States and the more severe downturn in the Northeast, the geographical area served by the Registrant. Additionally, the conditions within the data processing community, and the willingness or ability of customers to make expenditures on capital equipment such as the Registrant's system directly impact the Registrant's performance.

Liquidity and Capital Resources

As noted above, the Registrant is facing a continuing liquidity insufficiency resulting from low sales. The Registrant's decisions to reduce staff and other expenses had a material favorable impact in the 1992 first fiscal quarter. It is the intention of management to continue to closely monitor the situation and to take those actions required by future developments. The Registrant still anticipates that Star Alpha™, the Registrant's new data processing system, will be favorably received by the marketplace and has received favorable comments and six deposits from new and existing customers who have seen the current form of the system.

Net cash (used for) provided by operating activities was $(6,521) and $113,255 for the three-month periods ending January 31, 1992 and 1991. The decrease in cash provided by operating activities during the 1992 period results from an increase in sales-type leases.

Net cash (used for) investing activities in fixed assets, primarily computer software, was $(59,878) for the three months ended January 31, 1992 and $(92,991) for the three months ended January 31, 1991.

Net cash (used for) financing activities was $(16,448) and $(19,633) for the three months ended January 31, 1992 and 1991.

In August 1988 the Registrant entered into a new two year revolving credit line which bears interest at 1 1/4% over the bank's prime rate, is collateralized by substantially all of the Registrant's assets and provides for loans up to a maximum of $2,500,000 with the amount determined by a formula based upon the Registrant's net investment in "sales-type leases" and accounts receivable. This revolving line of credit matured on August 31, 1990 but has not been repaid. The bank has limited the maximum amount which the Registrant can borrow to $2,435,000, the amount outstanding on October 31, 1990.

The bank has offered to accept $500,000 as payment in full of the Registrant's loan and accrued interest amounting to in excess of $2,500,000. The offer was originally set to expire on October 11, 1991 but the Registrant has obtained a number of extensions and is currently negotiating a plan designed to repay this loan at a reduced amount. There can be no assurance that these negotiations will be successful.

Under the original terms of this revolving credit line, the Registrant could convert the total amount outstanding on the maturity date to a three year term loan bearing interest at 1 1/2% over the bank's prime rate and payable in 36 equal monthly payments of principal together with interest on the amount outstanding. At October 31, 1991, 1990 and 1989 the Registrant had drawn $2,435,000, $2,435,000 and $2,170,000, respectively against this line of credit. Borrowed funds are used primarily for working capital.

Under the terms of this revolving credit line, the Registrant is subject to a number of affirmative and negative covenants. Among those covenants are a requirement that the Registrant maintain a minimum net worth of $1,400,000, $1,500,000 and $1,600,000 during the 1988, 1989 and 1990 fiscal years, respectively, and a debt, as defined, to net worth ratio of 2 to 1. At March 1, 1992, the Registrant was 15 months behind in the payment of interest and is not in compliance with the net worth or debt to net worth requirements.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits - None.

b. Registrant filed a Current Report on Form 8-K dated November 18, 1991. This Current Report disclosed two events under Item 5. Other Events. One event was an amendment to the Warrant Agreement which extended the term of the Warrants to December 6, 1992 and reserved the right, during the extended term of the Warrants, to redeem the Warrants at $.01 per Warrant on 30 days notice. The other event was the delisting of Registrant's securities from the NASDAQ system.

Registrant filed a Current Report on Form 8-K dated March 2, 1992 reporting, under Item 6. Resignations of Registrant's Directors, the decision of Robert Mantin not to stand for re-election to the Board of Directors at the upcoming Annual Meeting of Shareholders and the resignation of Robert I. Schulman from the Board of Directors of Registrant. There were no disagreements between Registrant and Messrs. Mantin and Schulman regarding the operations, policies or practices of Registrant.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TERMINAL APPLICATIONS GROUP, INC.

By: ______________________________
Gerald D. Kaplan, President
Principal Executive and
Financial Officer

Dated: March 13, 1992

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

BEST COPY AVAILABLE

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1992

COMMISSION FILE NO. 0-11786

VILLAGE BANCORP, INC.
(Exact name of Registrant as specified in its charter)

Connecticut	06-1076844
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

25 Prospect Street Ridgefield, Connecticut 06877
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code (203) 438-9551

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 1992
Common Stock, $3.33 Par Value	863,496 shares

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VILLAGE BANCORP, INC.

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PART I. - FINANCIAL INFORMATION

VILLAGE BANCORP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS - (UNAUDITED)

ASSETS	Mar. 31, 1992	Dec. 31, 1991
	(In thousands)	
Cash and due from banks	$ 5,627	$ 5,921
Federal funds sold	7,150	6,650
Total cash and cash equivalents	12,777	12,571
Interest bearing deposits with banks	10	10
Investment securities (market value Dec. 31, 1991, $23,630 and Mar. 31, 1992, $21,654) - Note B	21,163	22,706
Loans held for sale	1,071	615
Loans - Note C	79,412	78,190
Allowance for loan losses	(1,099)	(1,002)
Loans - net	78,313	77,188
Other real estate owned	725	725
Bank premises and equipment - net	1,122	850
Accrued interest	1,070	1,045
Other assets	431	408
TOTAL ASSETS	$116,682	$116,118

LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	$ 9,524	$ 10,578
Interest bearing	95,242	92,822
Total deposits	104,766	103,400
Accrued interest payable	762	1,138
Other liabilities	249	459
Total liabilities	105,777	104,997
Stockholders' Equity:		
Common stock, par value $3.33 per share; authorized - 2,000,000 shares, issued and outstanding - 863,496 shares and 855,294 shares, respectively	2,851	2,851
Additional paid-in capital	5,122	5,122
Retained earnings	2,932	3,148
Total stockholders' equity	10,905	11,121
TOTAL LIABILITIES AND STOCKHOLDERS'EQUITY	$116,682	$116,118

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

VILLAGE BANCORP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME - (UNAUDITED)

	THREE MONTHS ENDED MARCH 31, 1992	THREE MONTHS ENDED MARCH 31, 1991
	(In thousands, except per share data)	
INTEREST INCOME:		
Loans, including fees	$1,740	$2,064
Investment securities:		
Taxable	360	298
Tax-exempt	44	56
Federal funds sold	44	106
Total interest income	2,188	2,524
INTEREST EXPENSE ON DEPOSITS	1,010	1,381
NET INTEREST INCOME	1,178	1,143
PROVISION FOR LOAN LOSSES	111	75
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	1,067	1,068
OTHER INCOME:		
Service charges	80	66
Other operating income	31	31
Total other income	111	97
OTHER EXPENSES:		
Salaries and employee benefits	478	426
Net occupancy	90	89
Furniture and equipment	50	44
Data processing services	104	105
Regulatory assessments	59	46
Printing, stationery and supplies	31	34
Other operating expenses	192	170
Total other expenses	1,004	914
INCOME BEFORE PROVISION FOR INCOME TAXES	174	251
PROVISION FOR INCOME TAXES	70	87
NET INCOME	$ 104	$ 164
PER SHARE DATA - Note E:		
Cash dividends declared	$ .37	$ .35
Net income (based on weighted average number of shares outstanding)	$ .12	$ .19
Weighted average number of shares outstanding	863,496	863,496

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

VILLAGE BANCORP, INC.

CONDENSED CONSOLIDATED STATMENTS OF CASH FLOWS - (UNAUDITED)

	Three Months Ended March 31,	
	1992	1991
	(In thousands)	
OPERATING ACTIVITIES:		
Net income	$ 104	$ 164
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	111	75
Provision for depreciation and amortization	35	33
Amortization of investment security premiums/discounts - net	8	46
Net increase (decrease) in deferred loan fees	141	(6)
Increase in interest receivable	(25)	(159)
Decrease in interest payable	(376)	(78)
Increase in other assets	(23)	(35)
(Decrease) increase in other liabilities	(210)	19
Net cash (used) provided by operating activities	(235)	59
INVESTING ACTIVITIES:		
Proceeds from maturities of investment securities	2,701	501
Purchases of investment securities	(1,166)	(3,140)
Net increase in loans	(9,955)	(1,892)
Proceeds from sales of loans	8,122	1,368
Purchases of premises and equipment	(307)	(37)
Net cash used in investing activities	(605)	(3,200)
FINANCING ACTIVITIES:		
Net increase in deposits	1,366	2,522
Cash dividends	(320)	(298)
Net cash provided by financing activities	1,046	2,224
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	206	(917)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,571	10,816
CASH AND CASH EQUIVALENTS, END OF PERIOD	$12,777	$ 9,899

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

VILLAGE BANCORP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)

NOTE A - BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary, consisting only of normal recurring accruals, to present fairly the financial position, the results of operations, and cash flows of Village Bancorp, Inc. ("Company") for the periods presented.

While management believes that the disclosures presented are adequate so as not to make the information misleading, it is suggested that these financial statements be read in conjunction with the consolidated financial statements and notes included in the Company's 1991 annual report.

For purposes of presenting the condensed statement of consolidated cash flows, cash equivalents include amounts due from banks and federal funds sold. During the first quarter of 1992 the company paid approximately $1,386,000 of interest on deposits and income tax payments aggregated $263,000.

NOTE B - INVESTMENT SECURITIES

The book value and approximate market values of investment securities were as follows:

	March 31, 1992		December 31, 1991	
	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE
	(In thousands)			
U.S. Treasury Securities	$15,242	$15,5586	$16,278	$16,889
U.S. Government Agency Obligations	3,377	3,512	3,379	3,622
Obligations of States of the U.S. and Political Subdivisions	2,544	2,584	3,049	3,119
Total	$21,163	$21,654	$22,706	$23,630

At March 31, 1992 and December 31, 1991 securities with a book value of $707,000 and $709,000 respectively, were pledged to secure public deposits and for other purposes as required by law and banking regulation.

NOTE C - LOANS

	March 31, 1992	December 31, 1991
	(In thousands)	
Real estate	$64,631	$63,504
Commercial and financial	5,635	5,050
Installment and consumer credit	9,352	9,701
Deferred loan fees	(206)	(65)
Total	$79,412	$78,190

NOTE D - STANDBY LETTERS OF CREDIT

On March 31, 1992, standby letters of credit totaled $922,000.

NOTE E - STOCKHOLDERS' EQUITY

A 1% stock dividend and a $.37 per share cash dividend was distributed March 16, 1992 to stockholders of record on February 28, 1992. A 2% stock dividend and a $.35 per share cash dividend was distributed on March 15, 1991 to stockholders of record on February 28, 1991. The aggregate number of shares distributed was 8,202 in 1992 and 16,415 in 1991. Average shares outstanding and per share amounts included in the condensed consolidated financial statements are based on the increased number of shares, giving retroactive effect to the stock dividend.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Village Bancorp, Inc. (Company) through its sole subsidiary, The Village Bank & Trust Company (Bank) had total assets of $116,682,000 on March 31, 1992 in comparison to total assets of $116,118,000 on December 31, 1991. This is an increase of $564,000 or .5%.

For the three month periods ended March 31, 1991 and 1992, the Bank's net earnings decreased from $164,000 for the 1991 period to $104,000 for the 1992 period. Net interest income increased $35,000 from $1,143,000 for the 1991 period to $1,178,000 for the 1992 period.

ASSETS AND RELATED INCOME ANALYSIS

Loans outstanding on March 31, 1992 totaled $79,412,000 which is an increase of $1,222,000 (1.6%) from the $78,190,000 outstanding at December 31, 1991. The increases in the loan portfolio continue to be relatively minor, as the real estate market and the economy in general continue to be weak in the Bank's marketing area. The majority of the Bank's loans are and have been real estate related. Loan income decreased $324,000 (15.7%) from $2,064,000 at March 31, 1991 to $1,740,000 at March 31, 1992. This decrease is due to a decrease in the average rate earned on outstanding loans, from 10.58% for the 1991 period to 8.65% for the 1992 period, offset slightly by an increase in average outstanding loans, from $78,053,000 in the 1991 period to $80,436,000 in the 1992 period.

Investment securities outstanding decreased $1,543,000 (6.8%) from $22,706,000 at December 31, 1991 to $21,163,000 at March 31, 1992. Investment security income increased $50,000 (14.1%) from $354,000 in the period ending March 31, 1991 to $404,000 in the 1992 period. This increase resulted primarily from an increase in average dollar amount outstanding from $17,787,000 for the 1991 period to $21,776,000 for the 1992 period, offset by a decrease in the average rate paid from 7.96% for the 1991 period to 7.42% for the 1992 period. The Bank normally holds investment securities until maturity and does not trade them, the invesment securities of the Bank are used to compensate for liquidity forecasting deviations.

Federal funds sold increased $500,000 (7.5%) from $6,650,000 at December 31, 1991 to $7,150,000 at March 31, 1992. Federal funds sold income decreased $62,000 (58.5%) from $106,000 for the 1991 period to $44,000 for the 1992 period, primarily due to a decrease in the average rate earned from 6.3% in the 1991 period to 4.0% for the 1992 period, and a decrease in average dollar amount outstanding from $6,719,000 in the 1991 period to $4,386,000 for the 1992 period.

Bank premises and equipment increased $272,000 (32.0%) from $850,000 at December 31, 1991 to $1,122,000 at March 31, 1992. This increase is due to the Bank purchasing a building and land in New Milford, Connecticut for use as a branch location. This facility will be a full-service branch with drive-up facilities and is expected to open in the summer of 1992.

LIABILITIES AND RELATED EXPENSE ANALYSIS

Deposits increased $1,366,000 (1.3%) from $103,400,000 at December 31, 1991 to $104,766,000 at March 31, 1992. Interest on deposits decreased $371,000 (26.9%) from $1,381,000 for the 1991 period to $1,010,000 for the 1992 period. This decrease is primarily attributable to a decrease in the average rate paid from 5.74% in the 1991 period to 3.96% in the 1992 period, offset by an increase in the average outstandings from $96,279,000 for the 1991 period to $101,981,000 for the 1992 period.

The Federal Deposit Insurance premium increased $13,000 (28.3%) from $46,000 for the 1991 period to $59,000 for the 1992 period. This expense is subject to regulation and the amount of deposits outstanding and as such the Bank has little control over it.

Salary and employee benefits expense increased 12.2% from $426,000 for the 1991 period to $478,000 for the 1992 period, primarily as a result of staff increases, salary level increases and increased costs in benefit expenses.

PROVISION FOR LOAN LOSSES

The provision for loan loss expense increased 48.0% from $75,000 in the 1991 period to $111,000 in the 1992 period. These increases have been in response to the weak state of both the real estate market and the economy in the Bank's market area. These items are being closely monitored by management to maintain a provision and a reserve that is considered adequate. In management's view the allowance is sufficient to safeguard the Bank against any unknown trends or uncertainties. There is no assurance that the Bank will not be required to make future adjustments to the allowance in response to changing economic conditions or regulatory examinations.

LIQUIDITY

Liquidity is the ability to provide funds for loan requests, unexpected deposit outflows and meeting other recurring financial obligations. Cash and cash equivalents for the period ended March 31, 1992 were $12,777,000 or 11.0% of total assets as compared to $12,571,000 or 10.8% of total assets for the period ended December 31, 1991. The Bank also maintains excess stored liquidity reserves to compensate for liquidity forecasting deviations. These reserves are comprised of investment grade securities that are highly marketable and liquid. These reserves amounted to $21,163,000 at March 31, 1992 and $22,706,000 at December 31, 1991. The primary source of liquidity, cash and due from banks and federal funds sold have historically surpassed the liquidity needs of the Company, therefore, management does not anticipate any liquidity problems in the near future.

CAPITAL RESOURCES

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 established minimum capital standards. By year end 1990, banks generally were expected to meet a minimum total capital to risk weighted assets ratio of 7.25 percent, at least half of which should be in the form of core capital. These minimum capital percentages increase to 8.0 percent total capital to risk weighted asset ratio with 4.0 percent in the form of core capital by December 31, 1992. The table below lists these minimum capital requirements along with the Bank's capital position at March 31, 1992:

Capital Standard	Minimum Capital Requirements at December 31, 1990	1992	Bank's Capital Position at March 31, 1992 (unaudited)
Total capital to risk weighted assets	7.250%	8.00%	14.58%
Core capital to risk weighted assets	3.625%	4.00%	14.02%
Stockholders' equity to risk weighted assets	3.250%	4.00%	14.02%

The Bank currently exceeds the December 31, 1992 requirements. Management does not anticipate any event that would cause the Bank to fall below the minimum requirements at December 31, 1992, and anticipates that the Bank will continue to have excess "risk-based" capital at that time. The Bank had a capital to asset leverage ratio of 9.55% on March 31, 1992 as compared to 9.78% on December 31, 1991.

PART II. - OTHER INFORMATION

PART II. - OTHER INFORMATION

Item 1. Legal Proceedings	Not Applicable
Item 2. Changes in Securities	Not Applicable
Item 3. Defaults Upon Senior Securities	Not Applicable

Item 4. Results of votes of security holders.

(a) The Annual Meeting of Stockholders was held on April 27, 1992 at the offices of The Village Bank & Trust Company. There were no solicitations in opposition to any of management's nominees for directors or other motions acted on at the meeting.

(b) To elect four members of the Board of Directors to serve until the Annual Meeting of Stockholders after their three year terms expire (1995), or until their successors are duly elected and qualified.

All nominees for Directors were elected to their three year terms:

Richard O. Carey
Madeline Contegni
Carl Lecher
Robert Scala

Directors whose terms of office continued and the expiration date of their terms are as follows:

Enrico J. Addessi	1993
Jeanne M. Cook	1993
Nicholas R. DiNapoli	1994
Edward J. Hannafin	1994
Joseph L. Knapp	1993
Robert V. Macklin	1994
Michael F. Morin	1993

(c) To ratify the appointment of an independent public accountant (Deloitte & Touche, Stamford, Connecticut) as auditors for 1992.

Votes Cast	
For	566,066
Against	1.631
Abstain	4,653

PART II. - OTHER INFORMATION - Continued

Item 5. Other Information Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K - There were no reports on Form 8-K filed for the three months ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Village Bancorp, Inc.
(Registrant)

Date: 5-13-92

James R. Umbarger
James R. Umbarger, Senior Vice President
and Chief Financial Officer

Date: 5-13-92

Gerard P.
Gerard P. Shpunt, Vice President
and Controller